

# **Guest workers in the age of globalisation: Australia's 457 visa program**

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of The Australian National University**

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I declare that the material contained in this thesis is entirely my own work, except where due and accurate acknowledgement of another source has been made.

A handwritten signature in black ink, appearing to read 'Andrew Herd', written in a cursive style.

Andrew Herd



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## Abstract

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Introduced in 1996 by the newly elected Howard Government, the Temporary Business Visas (long stay) Subclass 457 visa has become an important yet controversial element of Australia's migration program. Allowing the temporary migration of workers for a period of between three months and four years, the 457 visa program is based on the need for such workers to be sponsored by an eligible employer while they are in Australia. Criticism of the program has focused on the exploitation and mistreatment of workers that has been uncovered, much of it linked to the uneven power dynamics that exist due to this need for sponsorship. In addition to these controversies, there has been discussion of the program's role in the purported shift away from permanent towards temporary migration and the related influence of globalisation on its development and operation. Acknowledging that there has been debate over the concept of globalisation, this thesis takes a sceptical view of the concept and investigates the claims made by scholars and politicians that the 457 visa program is a response to globalisation. To do this, it measures the program against five criteria for a globalised worker migration program: it is unprecedented; it allows participants to engage in a global labour market; it provides evidence of the decline in the importance of the nation; it shows the diminishing power of the state; and it demonstrates the increasing power of the business community. This thesis finds that while there is superficial evidence suggesting that the 457 visa program is a response to globalisation, as measured by these criteria, a more detailed examination raises considerable doubts over such claims. It is shown that in contrast, an anti-capitalist analysis of the program provides useful insights into its operation. Further, it demonstrates how the concept of globalisation can be used to disguise the growing influence of both the state and the business community while also making it difficult for opponents of the 457 visa program to criticise it.

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2003-04 – 2007-08

# List of abbreviations

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ACTU	Australian Council of Trade Unions
ALP	Australian Labor Party
ASCO	Australian Standard Classification of Occupations
EPZ	Export Processing Zone
ICT	Information and Communications Technology
IMF	International Monetary Fund
IWW	Industrial Workers of the World
MNC	Multinational Corporation
MSL	Minimum Salary Level
NAFTA	North American Free Trade Agreement
NAIRU	Non-Accelerating Inflation Rate of Unemployment
OECD	Organisation for Economic Co-operation and Development
TCC	Transnational Capitalist Class
TNC	Transnational Corporation
TPV	Temporary Protection Visa
WTO	World Trade Organisation



# Introduction

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The issue of migration has long been central to Australia's political discourse. Much of the public debate over Australia's immigration system surrounded the treatment of asylum seekers, a fact that continues to be true. The early 1990s saw the introduction of mandatory immigration detention; an increase in the number of people attempting to come to Australia for protection by boat at the turn of the century caused the Government to develop the 'Pacific Solution'; while another increase after the election of the Rudd Labor Government in 2007 led to debate over the reasons for this and the so-called Indonesian and Indian Ocean Solutions.<sup>1</sup>

But it has not all been about asylum seekers. The election of Pauline Hanson in the mid-1990s placed the question of migration numbers and sources at the centre of public debate. While Hanson talked about her belief that Australia was "in danger of being swamped by Asians" and called for all immigration to be halted in her maiden speech to Parliament in 1996, there was no reduction in the size of migration to Australia.<sup>2</sup> The permanent migration program grew every year from 1997-98 to 2008-09.<sup>3</sup> Further discussion about the appropriate size of Australia's migration program took place in response to the deterioration in global economic conditions in late 2008. In particular, there were concerns that skilled migration would

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<sup>1</sup> Stephen Fitzpatrick, "Crisis talks called over 'Indonesian solution,'" *The Australian*, 3 November 2009, p. 2; Caroline Overington, "Indonesian solution inhumane: refugee advocates," *The Australian*, 27 October 2009, p. 2; "Indonesian solution' is not a humane approach," *Canberra Times*, 23 October 2009, p. 20; David Marr, "The Indian Ocean Solution," *The Monthly*, September 2009, pp. 18-32.

<sup>2</sup> Hanson in House of Representatives, "Official Hansard," *Parliament of Australia* (10 September 1996) <<http://www.aph.gov.au/hansard/rep/dailys/dr100996.pdf>> accessed 19 November 2007, p. 3862.

<sup>3</sup> Janet Phillips, Michael Klapdor, and Joanne Simon-Davies, *Migration to Australia since federation: A guide to the statistics*, Background Note (Canberra: Parliamentary Library, 27 August 2010) <<http://www.aph.gov.au/library/pubs/bn/sp/migrationPopulation.pdf>>, accessed 11 October 2010, Table 1, p. 13; Chris Evans, "Record skilled migration program to boost economy," *Minister for Immigration and Citizenship* (13 May 2008) accessed 22 December 2009.

contribute to rising unemployment. Responding to these concerns, the Government announced a cut in permanent skilled migration.<sup>4</sup> The magnitude of Australia's migration program has also come under question in the debate over Australia's population, with many arguing that a significant reduction in net migration is required on environmental grounds.<sup>5</sup> Both major parties have now embraced the idea of sustainability in discussions about migration and population.<sup>6</sup>

While the number of people permanently moving to Australia each year increased by 115 per cent between 1996-97 and 2008-09,<sup>7</sup> some commentators have started talking about a shift away from this and towards temporary migration.<sup>8</sup> There are a number of different types of temporary visas that migrants may apply for if they wish to come to Australia. In 2008-09, two of the most popular were the working holiday maker visa (187,696 visas granted) and student visas (320,368 visas granted).<sup>9</sup> Nevertheless, much

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<sup>4</sup> Chris Evans, "Government cuts migration program," *Minister for Immigration and Citizenship* (16 March 2009) <<http://www.minister.immi.gov.au/media/media-releases/2009/ce09030.htm>> accessed 31 August 2010.

<sup>5</sup> Barry Cohen, "Populate and we will perish," *The Australian*, 2 February 2010, p. 12; John Sutton, "Quality of life compromised when numbers increase," *The Canberra Times*, 12 August 2010, p. 14; Yuko Narushima, "Carr wants migrant intake cut to curb growth," *The Sydney Morning Herald*, 25 March 2010, p. 9; Matthew Moore and Yuko Narushima, "The big country takes a lean turn," *The Sydney Morning Herald*, 10 April 2010, sec. News Review, p. 5.

<sup>6</sup> "Small-Australia debate no credit to the major parties," *The Australian*, 16 August 2010, p. 15; Peter Hartcher, "Behind the election stoush, the big issues they quietly agreed on," *The Sydney Morning Herald*, 21 August 2010, p. 11.

<sup>7</sup> In 1996/97, 85,802 people were granted permanent visas, compared to 184,825 in 2008/09. See Janet Phillips, Michael Klapdor, and Joanne Simon-Davies, *Migration to Australia since federation: A guide to the statistics*, Background Note (Canberra: Parliamentary Library, 27 August 2010), Table 1, p. 16.

<sup>8</sup> Jock Collins, "Globalisation, Immigration and the Second Long Post-War Boom in Australia," *Journal of Australian Political Economy* vol. 61 (2008), p. 245; Peter Mares, "The immigration two-step," *The National Interest* (ABC Radio, 3 July 2009) <<http://www.abc.net.au/m/nationalinterest/stories/2009/2616441.htm#transcript>> accessed 10 July 2009.

<sup>9</sup> Department of Immigration and Citizenship, *Annual Report 2008-09: Celebrating 60 years of Australian Citizenship, 1949-2009* (Canberra: Commonwealth of Australia, 2009), <<http://www.immi.gov.au/about/reports/annual/2008-09/pdf/annual-report-2008-09-complete.pdf>> accessed 25 January 2010, p. 56 and p. 59

of discussion about this shift to temporary migration has not focussed on these two visas, but rather on the Temporary Business (long stay) Subclass 457 visa (hereafter 457 visa).<sup>10</sup> One of the reasons appears to be the wish to focus on temporary *labour* migration. Although the working holiday and student visas permit a migrant to work, this is only a secondary consideration. On the other hand, migrants entering Australia on 457 visas must work. Introduced by the Howard Government in response to an inquiry established by the previous Keating Government, the 457 visa allows a worker who is sponsored by an employer to migrate for up to four years. In 1996-97, 25,786 such visas were granted. This grew to 101,280 visas in 2008-09, an increase of 293 per cent.<sup>11</sup> Growth in the number of 457 visas granted has therefore outstripped that of permanent migration, meaning that temporary labour migration has become a much more notable component of the overall program since 1996.

In addition to discussion about this shift towards temporary migration, there has been much public outrage at the exploitation of migrant workers on 457 visas. This was particularly noticeable in 2006 and 2007, when the then opposition Australian Labor Party (ALP) expressed concerns over the treatment of 457 visa holders.<sup>12</sup> As part of this, then leader Kim Beazley

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<sup>10</sup> Graeme Hugo, "Globalization and Changes in Australian International Migration," *Journal of Population Research* vol. 23, no. 2 (2006), p. 112; Peter Mares, "The permanent shift to temporary migration," *Inside Story* (16 June 2009) <<http://inside.org.au/the-permanent-shift-to-temporary-migration/>> accessed 17 June 2009.

<sup>11</sup> Phillips, Klapdor, and Simon-Davies, *Migration to Australia since federation*, Table 2, p. 17.

<sup>12</sup> Senate, "Official Hansard," *Parliament of Australia*, (8 February 2006) <<http://www.aph.gov.au/hansard/senate/dailys/ds080206.pdf>> accessed 2 June 2009, pp. 42-46; Victor Violante, "Manuka restaurant exploited migrants," *Canberra Times*, 17 January 2007, p. 3; Victor Violante, "Belconnen restaurant fined \$50,000 for underpayments," *Canberra Times*, 3 February 2007, p. 2; Danielle Cronin, "Four restaurants banned from bringing in migrants," *Canberra Times*, 1 November 2006, p. 5; Danielle Cronin, "Workers' pay: Holy Grail to face charges," *Canberra Times*, 2 November 2006, p. 6; Malcolm Knox, "Death in the outback," *The Age*, 28 August 2007, p. 9; Matthew Moore, "A lonely death among the pines," *The Sydney Morning Herald*, 29 August 2007, p. 8; Matthew Moore and Malcolm Knox, "'Out-of-pocket' workers lose visas," *The Sydney Morning Herald*, 19 September 2007, p. 6; Malcolm Knox and Matthew Moore, "Ripped-off visa victims thrown onto street," *Sydney Morning Herald*, 13 September 2007, p. 1 and p. 6.

stated in Parliament that “the roting of the Government’s 457 visa leaves foreign workers wide open for exploitation, and it threatens the wages and job security of all working Australians.”<sup>13</sup> Nevertheless, once the ALP won government in 2007, its opinion of the program changed. It was no longer a threat to all Australian workers, but “vital” to the Australian economy.<sup>14</sup> However, the new ALP Government did initiate a number of inquiries into the program’s operation, and implemented several changes.<sup>15</sup> Some of these, such as an adjustment to the mechanism for determining the minimum salary that a 457 visa holder must receive, have significantly changed the operation of the program. Others appear to be only minor adjustments.<sup>16</sup> The analysis presented in this thesis considers the program’s operation until the end of 2008-09. Although this means some of the more recent developments are not considered, the period of examination includes the program’s formative years when its basic principles, which continue to underpin its operation, were developed.

The 457 visa scheme now enjoys bipartisan support. The ALP has made some adjustments to the program, but has not changed its fundamental nature. Meanwhile, the Liberal/National Coalition confirmed its support in the lead up to the 2010 Federal Election by outlining its wish to further

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<sup>13</sup> Beazley in House of Representatives, “Official Hansard,” *Parliament of Australia* (6 September 2006) <<http://www.aph.gov.au/hansard/rep/dailys/dr060906.pdf>> accessed 23 May 2008, p. 82

<sup>14</sup> Chris Evans, “Skilled foreign workers meeting shortage,” *Minister for Immigration and Citizenship* (22 July 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/ce08068.htm>> accessed 23 July 2008.

<sup>15</sup> Visa Subclass 457 External Reference Group, *Final Report to the Minister for Immigration and Citizenship* (Canberra, 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/erg-final-report-april-2008.pdf>> accessed 23 April 2008; Visa Subclass 457 Integrity Review, “Final Report,” *Minister for Immigration and Citizenship* (October 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/457-integrity-review-report.pdf>> accessed 19 November 2008.

<sup>16</sup> For a list of the changes announced in 2009, see Chris Evans, “Government announces changes to 457 visa program,” *Minister for Immigration and Citizenship* (1 April 2009) <<http://www.minister.immi.gov.au/media/media-releases/2009/ce09034.htm>> accessed 23 November 2009.

liberalise the program and quarantine it from any considerations of an overall reduction in Australia's net migration.<sup>17</sup>

## Main Argument of the thesis

One of the main reasons given by a number of writers and politicians for this shift towards temporary migration and the growth in the number of people migrating to Australia as 457 visa holders is globalisation. This was first raised in the terms of reference for the inquiry that led to the program's introduction, which noted that it must take place "against the background of the increasing globalisation of business."<sup>18</sup> Since then, politicians<sup>19</sup> and academics<sup>20</sup> have continued to point to globalisation as the reason for the program's introduction and its continued growth.

Although many have pointed to the importance of globalisation to the development and operation of the program, few have undertaken a detailed

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<sup>17</sup> Liberal Party of Australia, "The Coalition's Policy for Population and Immigration," (2010)  
<<http://www.liberal.org.au/~ /media/Files/Policies%20and%20Media/National%20Security/0725x30LPAPopulationandImmigrationPolicy.ashx>> accessed 17 September 2010, p. 2.

<sup>18</sup> Committee of Inquiry into the Temporary Entry of Business People and Highly Skilled Specialists, *Business Temporary Entry: Future Directions* (Canberra, 1995), p. 84.

<sup>19</sup> Philip Ruddock, "Review of Temporary Residence Visas," *Minister for Immigration and Multicultural and Indigenous Affairs* (4 July 2000)  
<<http://pandora.nla.gov.au/pan/67564/20070202-0000/www.minister.immi.gov.au/media/media-releases/2000/r00072.html>> accessed 22 February 2010; Chris Evans, "Sustaining the boom - the role of skilled migration in the WA economy," *Minister for Immigration and Citizenship* (17 June 2008)  
<<http://www.minister.immi.gov.au/media/speeches/2008/ce080717.htm>> accessed 13 August 2008.

<sup>20</sup> Hugo, "Globalization and Changes in Australian International Migration"; Graeme Hugo, *A new paradigm of international migration: implications for migration policy and planning in Australia*, Research Paper No. 10 (Canberra: Parliamentary Library, 2004)  
<<http://www.aph.gov.au/Library/Pubs/RP/2003-04/04rp10.pdf>> accessed 1 February 2010; Graeme Hugo, *Temporary migration: a new paradigm of international migration*, Research Note No. 55 (Canberra: Parliamentary Library, 2004)  
<<http://www.aph.gov.au/library/Pubs/RN/2003-04/04rn55.pdf>> accessed 1 February 2010; Siew-Ean Khoo et al., "A Global Labor Market: Factors Motivating the Sponsorship and Temporary Migration of Skilled Workers to Australia," *International Migration Review* vol. 41, no. 2 (2007), pp. 480-510; Collins, "Globalisation, Immigration and the Second Long Post-War Boom in Australia"; Bob Birrell and Ernest Healy, "Globalisation and Temporary Entry," *People and Place* vol. 5, no. 4 (1997), pp. 43-52.

analysis of this contention, but rather stated this link as fact. One who has attempted to analyse the affect of globalisation is Graeme Hugo. In *Globalization and Changes in Australian International Migration*, Hugo outlines the various ways in which he contends globalisation has led to a new paradigm for the study of international migration and the rise of temporary labour visas such as the 457.<sup>21</sup>

In contrast to this argument, this thesis argues that using globalisation to explain the introduction and operation of the 457 visa program disguises the additional power that the scheme delivers to employers and the Australian Government. To do this, the thesis employs a sceptical view of the concept of globalisation. Although the debate surrounding globalisation is often seen as existing between those who support the process and those who oppose it, there are some who take a sceptical view of the concept, arguing that globalisation is “primarily [an] ideological or mythological construction which has marginal explanatory value.”<sup>22</sup>

In many ways, it is not surprising that globalisation is cited as the reason for the introduction of the 457 visa. In the 1990s and early 2000s, it was one of the most debated and researched concepts in the social sciences. It was also important in the political sphere, with protests such as those in Seattle in 1999, Melbourne in 2000 and Genoa in 2001 raising the profile of those who were said to oppose globalisation.<sup>23</sup> In addition, politicians and other public

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<sup>21</sup> Graeme Hugo, “Globalization and Changes in Australian International Migration.”

<sup>22</sup> David Held and Anthony McGrew, “The Great Globalization Debate: An Introduction,” in *The Global Transformations Reader: An Introduction to the Globalization Debate*, ed. David Held and Anthony McGrew (Cambridge: Polity, 2003), p. 2.

<sup>23</sup> Naomi Klein, *Fences and Windows: Dispatches from the Front Lines of the Globalization Debate* (London: Flamingo, 2002); Eddie Yuen, George Katsiaficas, and Daniel Burton Rose, eds., *The Battle of Seattle: The New Challenge to Capitalist Globalisation* (New York: Soft Skull Press, 2002); One Off Press, *On Fire: The battle of Genoa and the anti-capitalist movement* (London: One Off Press, 2001); Jonathan Neale, *You Are G8, We Are 6 Billion: The Truth Behind the Genoa Protests* (London: Vision, 2002); Tom Bramble and John Minns, “Whose Streets? Our Streets! Activist Perspectives on the Australian Anti-capitalist movement,” *Social Movement Studies* vol. 4, no. 2 (2005), pp. 105-121.

figures discussed its influence on policy development.<sup>24</sup> While there was a debate over the impact of globalisation, there has also been much discussion over its precise definition.<sup>25</sup> Although there has been dispute over what exactly globalisation is, most agree that it involves the breaking down of borders between nation-states. In particular, for many the process is epitomised by the ease by which multinational corporations are able to uproot and move into developing countries. Nevertheless, it is not only the movement of corporations and the goods they sell that globalisation is seen as leading to, but also the movement of information, culture and individuals across national borders. A scheme which facilitates the short-term movement of skilled migrants for the purpose of labour therefore appears to be the perfect example of globalisation in action.

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<sup>24</sup> For example, see Julie Bishop, "Opening Address of the International Education Forum," *Minister for Education, Science and Training* (4 April 2006) <<http://www.dest.gov.au/Ministers/Media/Bishop/2006/04/b003040406.asp>> accessed 9 November 2007; Julie Bishop, "Address to the Sydney Institute," *Minister for Education, Science and Training* (19 July 2006) <<http://www.dest.gov.au/ministers/media/bishop/2006/07/b011240706.asp>> accessed 9 November 2007; Peter Costello, "Challenges and Benefits of Globalisation: Address to the Sydney Institute," *Treasurer* (25 July 2001) <<http://www.treasurer.gov.au/tsr/content/speeches/2001/003.asp>> accessed 9 November 2007; Joe Hockey, "Speech to the Australian Mines and Metals Association: Workplace Relations," *Parliament of Australia* (23 March 2007) <[http://parlinfo.aph.gov.au/parlInfo/download/media/pressrel/QAPM6/upload\\_binary/qapm61.pdf;fileType=application%2Fpdf#search=%22media/pressrel/qapm6%29%22](http://parlinfo.aph.gov.au/parlInfo/download/media/pressrel/QAPM6/upload_binary/qapm61.pdf;fileType=application%2Fpdf#search=%22media/pressrel/qapm6%29%22)> accessed 22 February 2010; John Howard, "Transcript - Address at World Economic Forum, Melbourne, Victoria," *Prime Minister* (11 September 2000) <<http://pandora.nla.gov.au/pan/10052/20080118-1528/pm.gov.au/media/Speech/2000/speech440.html>> accessed 24 February 2010; John Howard, "Address to the Commonwealth Business Forum," *Prime Minister* (23 October 1997) <<http://pandora.nla.gov.au/nph-arch/O1998-Aug-4/http://www.pm.gov.au/media/pressrel/1997/october/chogmspc.htm>> accessed 22 February 2010.

<sup>25</sup> For example, see John Kenneth Galbraith, "Foreword: Globalization: What it is and What to Do About it," *The Annals of the American Academy of Political and Social Science* vol. 581 (2002), pp. 6-7; Jan Aart Scholte, "What is 'Global' about Globalization?," in *The Global Transformations Reader: An Introduction to the Globalization Debate*, ed. David Held and Anthony McGrew (Cambridge: Polity, 2003), pp. 84-91; Jan Aart Scholte, "Defining Globalisation," *World Economy* vol. 31, no. 11 (2008), pp. 1471-1502.

However, some sceptics argue that globalisation is a “myth”<sup>26</sup> used by governments and other powerful groups. In the Australian context, Conley shows how the Government has used globalisation as a reason to implement policies that they expected to be politically unpalatable.<sup>27</sup> Although there have been many claims that the 457 visa is a response to globalisation, the sceptical perspective suggests that before they are accepted, such claims have to be better investigated. This is the intention of this thesis.

Further, this thesis continues the tradition of sceptical investigation into globalisation from an anti-capitalist perspective. This is in line with many sceptics who believe that what is purported to be globalisation is in fact capitalism. As Meiksins Wood notes,

The evils we associate with globalisation - the social injustices, the growing gap between rich and poor, ‘democratic deficits’, ecological degradation, and so on – are there not simply because the economy is ‘global’, or because global corporations are uniquely vicious, or even because they are exceptionally powerful. These problems exist because capitalism, whether national or global, is driven by certain systemic imperatives.<sup>28</sup>

While the aim of this thesis is not to prove the existence or non-existence of globalisation, its findings add weight to the sceptics’ argument that over-enthusiastic globalists often exaggerate the impact of the process. Further, it demonstrates how governments can invoke the term globalisation as a rationale for policy decisions that benefit the state, appease nationalist sentiment and meet capitalist requirements.

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<sup>26</sup> Paul Hirst and Grahame Thompson, *Globalization in Question: The International Economy and the Possibilities of Governance* (Cambridge: Polity Press, 1996), p. 6.

<sup>27</sup> Tom Conley, “Globalisation as Constraint and Opportunity: Reconceptualising Policy Capacity in Australia,” *Global Society* vol. 16, no. 4 (2002), pp. 377-399; Tom Conley, “Globalisation and the Politics of Persuasion and Coercion,” *Australian Journal of Social Issues* vol. 39, no. 2 (2004), pp. 183-200; Tom Conley, “The Domestic Politics of Globalisation,” *Australian Journal of Political Science* vol. 36, no. 2 (2001), pp. 223-246.

<sup>28</sup> Ellen Meiksins Wood, “Globalisation and the State: Where is the Power of Capital?,” in *Anti-Capitalism: A Marxist Introduction*, ed. Alfredo Saad-Filho (London: Pluto Press, 2003), pp. 131.



## Methodology

This thesis began primarily as a political science initiative. However, it was soon evident that the issues surrounding both globalisation and temporary migration did not fit nicely within just one discipline. While the majority of this thesis represents a political examination of the 457 visa, it also presents analysis from both an economic and sociological perspective.

The Australian Government has marketed the 457 visa program as an economic measure to solve labour market shortages. For this reason, it was important to consider the economic perspectives of the program and to examine whether the claims made by the Government from an economic perspective were consistent with the globalisation thesis.

Discussion of the relationship between globalisation and migration often centres on its impact on the nation and nation-state. How the nation is perceived by both those within and outside of it draws heavily on sociological perspectives, while the presence of nation-states is of political interest. Further, how the community perceives membership of a nation (a sociological concern), may be used by politicians for political gain. It was therefore not possible to fully examine the purported impact of globalisation on migration without considering it from both a political and a sociological perspective.

As noted above, this thesis examines whether the claims made by politicians and other supporters of the 457 visa program about the central role of globalisation in the program's development and continued operation are supported evidence. The basis of this work, as noted in the next section, was Hirst and Thompson's examination of globalisation.<sup>29</sup>

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<sup>29</sup> Hirst and Thompson, *Globalization in Question*.

As with most research projects, there were a number of different methodological techniques that could have been used in the production of this thesis. One technique considered was to interview stakeholders, including 457 visa holders, employers, union representatives and Government officials. Such an technique may have provided a number of different perspectives to the project, but it would not have added substantially to the question at the centre of this thesis: is the 457 visa program a response to globalisation?

For this reason the majority of this thesis compares public comments about the 457 visa program with secondary materials, including statistical data. By using a structure modelled on that of Hirst and Thompson's seminal work on globalisation, this thesis identifies a number of aspects of what is commonly perceived as globalisation and attempts to determine whether there was evidence of them in the operation of the 457 visa program.

## **Thesis Structure**

Chapter One outlines the development of the 457 visa program. The literature surrounding the scheme is surveyed, demonstrating that interest in the scheme has centred on its exploitation of workers and, consistent with a wider debate centred on the best theoretical perspective through which to analyse international migration, the impact of globalisation on its introduction and operation.

Given the central role globalisation has purportedly played in the introduction and operation of the 457 visa system, Chapter Two summarises the positions of globalists, both supporters and opponents of the process, and sceptics. Where relevant, the various positions on the relationship between globalisation and immigration are also included. Taking inspiration from the work of Hirst and Thompson, who measure whether claims made

by globalists are supported by the evidence,<sup>30</sup> this chapter then establishes a number of criteria that indicate the globalisation of migration. These criteria form the basis of the analysis presented in the following chapters.

The first aspect of globalisation that is examined is the claim that it is unprecedented. As Hirst and Thompson point out, there is a “tendency to portray current changes as both unique and without precedent.”<sup>31</sup> Hugo’s claim that “Australian international migration has undergone a major transformation since the early 1990s” is an example of this.<sup>32</sup> To investigate the truth behind such claims, Chapter Three compares the current 457 visa system with previous periods of migration, including the migration of kanakas to Queensland in the nineteenth century, the *Bracero* program between Mexico and the United States of America and the *Gastarbeiter* program in Germany.

Chapter Four looks at whether the 457 visa is a truly ‘global’ migration program. Australia has been a traditional destination for many migrants, particularly from the United Kingdom and Europe, but the contention of writers such as Hugo is that globalisation has meant that “all nations of the world are now influenced significantly by migration as a significant destination, origin or both.”<sup>33</sup> This chapter therefore examines where 457 visa

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<sup>30</sup> Hirst and Thompson, *Globalization in Question*.

<sup>31</sup> Ibid., p. 2.

<sup>32</sup> Hugo, “Globalization and Changes in Australian International Migration,” p. 107.

<sup>33</sup> Ibid., p. 108. Also see Khoo et al., “A Global Labor Market: Factors Motivating the Sponsorship and Temporary Migration of Skilled Workers to Australia,” p. 482; John Connell, “Migration, Dependency and Inequality in the Pacific: Old Wine in Bigger Bottles (Part 1),” in *Globalization and Governance in the Pacific Islands*, ed. Stewart Firth, Studies in State and Society in the Pacific 1 (Canberra: ANU E Press, 2006), p. 70; Manoranjan Mohanty, “Globalisation, New Labour Migration and Development in Fiji,” in *Globalisation and Governance in the Pacific Islands*, ed. Stewart Firth, Studies in State and Society in the Pacific 1 (Canberra: ANU E Press, 2006), p. 111; George J. Borjas, “The Impact of Immigration on the Labor Market,” (presented at the Conference on Labor and Capital Flows in Europe Following Enlargement, Warsaw, Poland: International Monetary Fund, the Joint Vienna Institute, and the National Bank of Poland, 2006)

holders come from to determine whether these claims are supported. Further, it compares the results to those for overall permanent and skilled permanent migration. The expectation is that the 457 visa program, as a system developed in response to globalisation, will attract migrants from a wider range of countries.

Due to its impact on the scale and composition of international migration, globalisation is also expected to affect citizenship and national identity. Franz outlines how thinking about citizenship can be placed along a scale, between what she describes as “ethno-pluralism” at one extreme and the “universalistic argument” at the other.<sup>34</sup> The former is based on the belief that citizenship is the property of those who possess it and this group has the right to decide who else may be granted it. In contrast, the universalistic position is closely linked to the concept of globalisation and the demolition of national borders. Chapter Five examines the impact of the 457 visa program on Australia’s national identity and citizenship, anticipating that it is evidence of increasing cosmopolitanism, described by one author as the “cultural habitus”<sup>35</sup> of economic globalisation.

One of the claims made by both major Australian political parties is that the 457 visa program is “demand driven.” The implication of this description is that through the introduction of such a migration program, the Government has ceded control over who participates to other groups in society. This is an example of how governments claim that their power has been diminished due to globalisation. This is investigated in Chapter Six. Upon determining that the visa system does not reduce state power, this chapter examines the

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<[http://www.jvi.org/fileadmin/jvi\\_files/Warsaw\\_Conference/Papers\\_and\\_Presentations/Borjas\\_paper.pdf](http://www.jvi.org/fileadmin/jvi_files/Warsaw_Conference/Papers_and_Presentations/Borjas_paper.pdf)> accessed 11 January 2011, p. 1.

<sup>34</sup> Barbara Franz, “Guest Workers and Immigration Reform: The Rise of a New Feudalism in America?,” *New Political Science* vol. 29, no. 3 (2007), p. 349.

<sup>35</sup> Ien Ang, *On Not Speaking Chinese: Living Between Asia and the West* (London: Routledge, 2001), p. 117.

benefits the Government receives from implementing a program that facilitates the temporary migration of labour.

Closely linked to the claim that globalisation is emasculating governments is the assertion made by many globalists that this power has shifted to businesses, a proposition that is examined in the next chapter. The demand driven nature of the 457 visa program demonstrates how the influence of the capitalist class is higher than under other migration channels. Further, the power of employers over their workers, both 457 visa holders and domestic workers, is shown to increase because of the program's regulations. Finally, it is shown that this increased power is one of the reasons for the capitalist class's strong support for the 457 visa program, and immigration in general.

Although there is superficial evidence that the 457 visa program is "largely a result of globalization and a response to it,"<sup>36</sup> this thesis demonstrates that such a claim disregards evidence that shows that globalisation's role has been much less significant. As is shown in the final chapter of this thesis, a broadly Marxist analysis of the program not only explains those elements of the program that are allegedly caused by globalisation, but also provides further insights into its operation. In particular, it is shown that the 457 visa program facilitates the exploitation of labour by capital. Given this, the final chapter questions why globalisation continues to be cited as the reason for the program's introduction and continued operation, showing the many benefits that supporters of the program gain by invoking the concept.

As noted above, this thesis should not be read as an attempt to solve the question of whether globalisation exists. Rather, it examines claims by globalists about its impact on migration to Australia, and in doing so provides further evidence to support the sceptical position on globalisation. It also provides analysis of an important development in Australia's immigration

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<sup>36</sup> Hugo, "Globalization and Changes in Australian International Migration," p. 107.

system, a development which has been examined, but not from this perspective. This thesis shows that such an examination provides useful insights into the operation of the program. In addition, the case of the 457 visa program demonstrates how the concept of globalisation has been used to disguise changes in the power of some groups and lessen criticism of government policy.

## Chapter One: Long Stay subclass (457) visas

The 457 visa scheme has become an important component of Australia's overall migration system. It facilitates the temporary migration of skilled workers to Australia to perform particular jobs, although to do so they must be sponsored by an employer. This chapter provides some background to the program. It first outlines the history of the program, showing how it has almost quadrupled in size since its introduction in 1996. Next, it looks at two of the major issues that have been associated with its operation. Of particular concern to critics of the program are the instances of worker exploitation, ranging from underpayment to death, that have been linked to its operation. Lastly, the link between the program and globalisation is investigated, a link that has been made by politicians, academics and the media.

### History of the 457 visa program

On 3 August 1994, then Immigration Minister Nick Bolkus announced the establishment of a committee to investigate the temporary migration of skilled workers to Australia. Although temporary workers were already able to enter Australia, with 13,030 entering in 1993-94, Bolkus argued that such an inquiry was necessary because,

The increasing globalisation of business in the past decade has had an enormous impact on the temporary flow of people in and out of Australia... Ideas, skills and technology are moving around the world more quickly than ever before. It is important to ensure that Australian business can benefit by this exchange with the smooth movement of key personnel in and out of the country.<sup>1</sup>

This inquiry was headed by Neville Roach, the Managing Director of Fujitsu Australia, and produced a report entitled *Business Temporary Entry: Future*

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<sup>1</sup> Nick Bolkus, "Inquiry into temporary entry of business people and highly skilled specialists," *Parliament of Australia* (3 August 1994)  
<<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;page=0;query=bolkus%20temporary%20entry%20Decade%3A%221990s%22%20Year%3A%221994%22%20Month%3A%2208%22;rec=0;resCount=Default>> accessed 19 September 2010.

*Directions*, outlining its findings and recommending a rationalisation of Australia's various temporary labour migration visas.<sup>2</sup> The Government accepted the major recommendations of this inquiry, including the need for a visa that allowed for the temporary entry of skilled workers for an extended period of time.<sup>3</sup> However, before it was able to introduce such a visa, the Keating Government lost the 1996 election to the John Howard-led Liberal/National Party Coalition.

Nevertheless, the new Coalition Government agreed with many of the findings of the Roach Inquiry, and in June 1996 announced that it was to introduce reforms to Australia's migration system. The aim of these reforms was to facilitate the temporary entry of business people, with then Immigration Minister Philip Ruddock citing the "quick and smooth transfer of key skills [as] a fundamental international market reality."<sup>4</sup> The centrepiece was the 457 visa scheme.

Commencing on 1 August 1996, the 457 visa permits the migration of workers for between three months and four years, although visa holders can continue to apply for a further visa if they wish to remain in Australia.<sup>5</sup> The Australian Government outlines three steps that participants must undertake to access the 457 visa program. Firstly, an employer must apply for approval as a business sponsor. To be approved as an eligible sponsor, a business must

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<sup>2</sup> Committee of Inquiry into the Temporary Entry of Business People and Highly Skilled Specialists, *Business Temporary Entry*.

<sup>3</sup> Nick Bolkus, "The Roach Report: [visa] reforms for temporary business entrants," *Parliament of Australia*, (6 September 1995)  
<<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;page=0;query=bolkus%20temporary%20entry%20Decade%3A%221990s%22%20Year%3A%221995%22;rec=14;resCount=Default>> accessed 19 September 2010.

<sup>4</sup> Philip Ruddock, "Streamlined Temporary Business Entry Approved," *Minister for Immigration and Multicultural and Indigenous Affairs* (5 June 1996)  
<<http://pandora.nla.gov.au/pan/67564/20070202-0000/www.minister.immi.gov.au/media/media-releases/1996/r96021.html>> accessed 22 February 2010.

<sup>5</sup> Recent changes to the program have removed the lower limit. Visas may now be granted for as little as one day.



meet a number of requirements, including demonstrating to the Department of Immigration that they are lawfully and actively operating in Australia, will be the direct employer of any overseas workers that they sponsor and have a history of complying with immigration laws. Secondly, the position to be filled by the visa holder has to be nominated. As part of this process, the sponsor has to inform the Government of the position that they wish to fill, the skills and experience required and the salary that will be paid. The position must meet the skill and minimum salary requirements set by the Government and outlined below. Finally, the prospective employee applies for the visa. To be successful, the applicant has to prove that they have the skills and experience required to undertake the role and meet a number of other requirements, including health and character checks.<sup>6</sup> It is notable that throughout this process there is no requirement for an employer to advertise the nominated position in Australia. As the then opposition spokesperson said in 2006,

It is completely legal for a job to be advertised only in another country. You can have a job that is never advertised in Australia but is advertised overseas, and someone can come in on a 457 visa claiming shortage of local workforce without there ever being effective labour market testing.<sup>7</sup>

As noted, there are a number of eligibility requirements for 457 visas.<sup>8</sup> Most important are the minimum skill and salary standards. The Government releases a list of eligible occupations that meet its skill requirements, based on the Australian Standard Classification of Occupations (ASCO). These

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<sup>6</sup> Australian Government, "Sponsoring a temporary overseas employee," (2007) <<http://www.immigration.gov.au/allforms/booklets/1154.pdf>> accessed 6 September 2007, pp. 6-20.

<sup>7</sup> Tony Burke in House of Representatives, "Official Hansard," *Parliament of Australia* (6 September 2006) <<http://www.aph.gov.au/hansard/rep/dailys/dr060906.pdf>> accessed 23 May 2008, p. 90.

<sup>8</sup> For an outline of these, see Australian Government, "Commonwealth Submission to the Joint Standing Commission on Migration inquiry into Eligibility requirements and monitoring, enforcement and reporting arrangements for temporary business visa," *Parliament of Australia* (February 2007) <<http://www.aph.gov.au/house/committee/mig/457visas/subs/sub033.pdf>> accessed 5 September 2007, p. 5.

occupations are generally listed as ASCO groups one (Managers and Administrators), two (Professionals), three (Associate Professionals) and four (Tradespersons and Related Workers). In addition, if the nominated position is based in a “regional area,”<sup>9</sup> it may be classified in ASCO groups five (Advanced Clerical and Service Workers), six (Intermediate Clerical, Sales and Service Workers) and seven (Intermediate Production and Transport Workers).

Employers are also required to pay 457 visa holders the higher of the minimum salary level (MSL) established annually by the Government, or the relevant award or agreement for that position. In 2008-09, the MSL was \$41,850 per annum and \$57,300 for workers in information and communications technology (ICT) professions. As with the skill restrictions, employers in regional areas receive a concession from this requirement, and were able to pay migrants less than those in non-regional areas; \$37,665 and \$51,570 for ICT workers.<sup>10</sup>

Central to the operation of the program is the need for 457 visa holders to be sponsored by an eligible employer. This relationship must be present for the worker to enter Australia and must continue for the entire period that they are in the country as a 457 visa holder. If a visa holder is no longer working for their sponsoring employer they have 28 days to find another eligible

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<sup>9</sup> Concessions for regional areas were removed by the Government in September 2009, however prior to this change these areas essentially included all of Australia apart from Brisbane, the Gold Coast, Newcastle, Sydney, Wollongong, Melbourne and Perth. See Department of Immigration and Citizenship, “Regional Sponsored Migration Scheme Gazetted Post Codes,” (2007) <[http://www.immi.gov.au/employers/rsms\\_postcodes.htm](http://www.immi.gov.au/employers/rsms_postcodes.htm)> accessed 6 September 2007.

<sup>10</sup> Chris Evans, “Minimum Salary Level increase for 457 visa holders,” *Minister for Immigration and Citizenship* (23 May 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/ce08050.htm>> accessed 3 September 2008. The mechanism for determining the MSL was changed by the Government in September 2009 and replaced with what it describes as market salary rates, see Chris Evans, “Market rates for temporary skilled overseas workers,” *Minister for Immigration and Citizenship* (6 September 2009) <<http://www.minister.immi.gov.au/media/media-releases/2009/ce09081.htm>> accessed 20 September 2010. Nevertheless, the Government still mandates a minimum salary that 457 visa holders must receive.

business to sponsor them, apply for another type of substantive visa, or leave Australia.<sup>11</sup>

**Table 1.1 Primary and Secondary 457 Visas, 1997-98 – 2008-09<sup>12</sup>**

Year	Primary 457 Visas		Secondary 457 Visas		Total
	Number Granted	Proportion of Total (%)	Number Granted	Proportion of Total (%)	
1997-98	16,550	53.6	14,330	46.4	30,880
1998-99	16,080	54.8	13,240	45.2	29,320
1999-00	17,540	56.5	13,530	43.5	31,070
2000-01	21,090	57.2	15,810	42.8	36,900
2001-02	18,410	54.9	15,100	45.1	33,510
2002-03	20,780	56.5	16,020	43.5	36,800
2003-04	22,370	56.6	17,130	43.4	39,500
2004-05	27,350	56.3	21,240	43.7	48,590
2005-06	39,530	55.6	31,620	44.4	71,150
2006-07	46,680	53.5	40,630	46.5	87,310
2007-08	58,050	52.5	52,520	47.5	110,570
2008-09	50,660	50.0	50,620	50.0	101,280

Unlike Australia's permanent migration program, the number of 457 visas granted each year is not limited by the Government, which will grant any application that fulfils its requirements. This has led to the 457 visa program being described as "market-driven"<sup>13</sup> or "demand-driven."<sup>14</sup> As can be seen

<sup>11</sup> Department of Immigration and Citizenship, "Temporary Business (Long Stay) - Standard Business Sponsorship (Subclass 457): Employee Obligations," (2007) <<http://www.immi.gov.au/skilled/skilled-workers/sbs/obligations-employee.htm>> accessed 6 September 2007.

<sup>12</sup> Data for 1997/98 to 2002/03 from Immigration and Multicultural Affairs Portfolio, "Answer to Question on Notice no. 53: Migration and Temporary Entry (number of long-stay visas from 1996 to 2004)," *Parliament of Australia* (22 May 2006) <[http://www.aph.gov.au/senate/committee/legcon\\_ctte/estimates/bud\\_0607/dimia/qon\\_53.pdf](http://www.aph.gov.au/senate/committee/legcon_ctte/estimates/bud_0607/dimia/qon_53.pdf)> accessed 6 September 2007. Data for 2003/04 to 2007/08 provided by Department of Immigration and Citizenship to the author. Data for 2008/09 from Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2008/09," (2009) <<http://www.immi.gov.au/media/statistics/pdf/457-stats-state-territory-june09.pdf>> accessed 13 August 2009, Table 1.04, p. 3.

<sup>13</sup> Paul Maley, "Abuses of 457 scheme multiplying," *The Australian*, 2 December 2008, p. 6; Graeme Hugo, "Globalization and Changes in Australian International Migration," *Journal of Population Research* vol. 23, no. 2 (2006), p. 113.

<sup>14</sup> Chris Evans, "Big drop in temporary overseas workers," *Minister for Immigration and Citizenship* (12 August 2009) <<http://www.minister.immi.gov.au/media/media->

in Table 1.1, in 1997-98 30,880 visas were granted. In 2008-09, the Government granted 101,280 457 visas, an increase of 228 per cent. Over the same period, the number of permanent migrants settling in Australia grew by 133 per cent.<sup>15</sup> Growth in the number of 457 visas granted has clearly outstripped that of permanent migration.

An analysis of the number of 457 visas granted compared to the number of permanent settlers is provided in Chapter Three. However, it should be noted that there are two different types of 457 visa: primary and secondary. This arises from the ability of workers to bring their spouses and children with them, and the inclusion of these migrants in the overall total of visas issued. Spouses and children are granted secondary visas and are not required to work or have a sponsoring employer. In addition, if they do decide to work, they are not subject to the same skill and salary restrictions as primary visa-holders.<sup>16</sup> As can be seen from Table 1.1, the proportion of 457 visa holders that are subject to these restrictions has fallen from a high of 57 per cent in 2000-01 to 50 per cent in 2008-09. Unless otherwise noted, reference to 457 visa holders is to those who hold primary visas.

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releases/2009/ce09071.htm> accessed 10 February 2010; Visa Subclass 457 External Reference Group, *Final Report to the Minister for Immigration and Citizenship* (Canberra, 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/erg-final-report-april-2008.pdf>> accessed 23 April 2008, p. 21; Siew-Ean Khoo et al., "Temporary Skilled Migration to Australia: Employers' Perspectives," *International Migration* vol. 45, no. 4 (2007): p. 177; Philip Ruddock in House of Representatives, "Official Hansard," *Parliament of Australia*, (6 September 2006) <<http://www.aph.gov.au/hansard/reps/dailys/dr060906.pdf>> accessed 23 May 2008, p. 86.

<sup>15</sup> In 1997/98, 79,155 permanent visas were granted, compared to 184,825 in 2008/09. See Janet Phillips, Michael Klapdor, and Joanne Simon-Davies, *Migration to Australia since federation: A guide to the statistics*, Background Note (Canberra: Parliamentary Library, August 27, 2010) <<http://www.aph.gov.au/library/pubs/bn/sp/migrationPopulation.pdf>> Table 1> accessed 11 October 2010, p. 16.

<sup>16</sup> Visa Subclass 457 Integrity Review, *Issues Paper #1: Minimum Salary Level / Labour Agreements* (Canberra: Department of Immigration and Citizenship, 2008) <[http://www.immi.gov.au/skilled/skilled-workers/\\_pdf/457-integrity-review-issue-1.pdf](http://www.immi.gov.au/skilled/skilled-workers/_pdf/457-integrity-review-issue-1.pdf)> accessed 9 February 2010, p. 18.

This growth in the number of workers entering Australia on 457 visa holders has led to greater interest in the program. Much of this interest has centred on two aspects of the program: the working conditions of 457 visa holders; and the impact of globalisation on its operation.

## **The 457 visa and worker exploitation**

Public interest in the program has generally peaked when cases of worker exploitation have been reported by the media. During its operation, there have been a number of times when revelations of serious mistreatment of workers has shone a light on the program and raised concerns over its impact on working conditions.

Many of the cases of worker mistreatment arise from employers underpaying staff. This is often due to failure to pay overtime and other penalty rates, and has resulted in substantial fines for the offending businesses and compensation for the workers.<sup>17</sup> In one of the most serious examples of this, one restaurant in Melbourne was found to have paid one of its cooks \$9,650 for 18 months work, less than 12 per cent of what he was due.<sup>18</sup> Other cases have highlighted the difficulties that may arise when employers provide

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<sup>17</sup> Kim MacDonald, "Employers accused of exploiting migrants," *The West Australian*, 16 January 2006, p. 11; Kim MacDonald, "Migrant given \$6000 for year's work: union," *The West Australian*, 21 February 2007, p. 14; Kim MacDonald, "Migrant workers in \$8 rip-off," *The West Australian*, 23 January 2008, p. 6; Paul Maley, "Underpaid 'tip of the iceberg'," *The Canberra Times*, 12 August 2006, p. 5; Michael Bachelard, "Underpaid, sacked, evicted: guest workers who've had enough," *The Age*, 6 September 2006, p. 5; Elisabeth Wynhausen, "Licence to fleece," *The Australian*, 27 October 2008, p. 7; Victor Violante, "Manuka restaurant exploited migrants," *Canberra Times*, 17 January 2007, p. 3; Victor Violante, "Belconnen restaurant fined \$50,000 for underpayments," *Canberra Times*, 3 February 2007, p. 2; Chris Evans, "Minister welcomes fine for migrant exploitation," *Minister for Immigration and Citizenship* (12 March 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/ce08024.htm>> accessed 18 March 2008.

<sup>18</sup> Federal Workplace Ombudsman, "Just \$9650 for 18 months restaurant work, so the boss faces court," *Fair Work Ombudsman*, (13 October 2008) <<http://www.fairwork.gov.au/media-centre/media-archives/2008/10/Pages/20081013-01.aspx>> accessed 20 September 2010; Federal Workplace Ombudsman, "Court fines restaurant owner for underpaying staff," *Fair Work Ombudsman*, (14 May 2009) <<http://www.fairwork.gov.au/media-centre/media-archives/2009/05/pages/20090514-01.aspx>> accessed 20 September 2010.

accommodation for 457 visa holders,<sup>19</sup> or when migrants attempt to join a trade union.<sup>20</sup> Some visa holders have been subject to physical abuse and kidnapping,<sup>21</sup> while the most serious cases of exploitation and mistreatment have resulted in the deaths of workers.<sup>22</sup> These examples are only a selection of the cases that have become public and there is a high chance that further examples go undiscovered and unreported.

In response to criticisms about the exploitation of 457 visa holders, former Immigration Minister Kevin Andrews noted that these workers could complain to the authorities about their treatment and that the companies involved had been acting illegally and would be punished for doing so. Talking about the deaths of workers, he stated,

These are tragic accidents, that's true. But... to say that because three accidents have occurred in three different states in isolation, this is

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<sup>19</sup> Matthew Moore and Malcolm Knox, "Foreign workers 'enslaved'," *The Age*, 28 August 2007, p. 1; Malcolm Knox and Matthew Moore, "Ripped-off visa victims thrown onto street," *Sydney Morning Herald*, 13 September 2007, p. 1 and p. 6; Matthew Moore and Malcolm Knox, "'Out-of-pocket' workers lose visas," *The Sydney Morning Herald*, 19 September 2007, p. 6.

<sup>20</sup> John Stewart, "Claims guest workers sacked for joining union," *Lateline* (Australian Broadcasting Corporation, 16 October 2006) <<http://www.abc.net.au/lateline/content/2006/s1766290.htm>> accessed 22 May 2008; Lachlan Heywood, Jason Gregory, and Michael Corkill, "Foreign worker scandal widens," *The Courier-Mail*, 18 October 2006, p. 2; Lachlan Heywood, Jason Gregory, and Michael Corkill, "Unlucky country," *The Courier-Mail*, 18 October 2006, p. 3; David Humphries, "Spot checks promise to end foreign staff abuse," *The Sydney Morning Herald*, 14 October 2006, p. 8.

<sup>21</sup> Simon Kirby, "Guest worker compensated after assault, kidnap by boss," *Australian Associated Press General News*, 21 September 2007; "Foreign worker awarded \$96k kidnapping compensation," *ABC News* (21 September 2007) <<http://www.abc.net.au/news/stories/2007/09/21/2040297.htm>> accessed 15 April 2010; David McLennan, "Claims staff treated like slaves," *Canberra Times*, 28 January 2006, p. 4; Danielle Cronin, "Filipino worker says he was kidnapped," *The Canberra Times*, 16 March 2006, p. 3; Mark David, "Foreign workers tell of exploitation by business," *PM* (ABC Radio, 19 July 2006) <<http://www.abc.net.au/pm/content/2006/s1691287.htm>> accessed 15 April 2010.

<sup>22</sup> Matthew Moore and Malcolm Knox, "Dead men working," *The Sydney Morning Herald*, 28 August 2007, p. 1; Matthew Moore, "A lonely death among the pines," *The Sydney Morning Herald*, 29 August 2007, p. 8; Malcolm Knox, "Death in the outback," *The Age*, 28 August 2007, p. 9; Matthew Moore, "Immigrant death toll is hushed up," *The Sydney Morning Herald*, 19 April 2008, p. 40; Yuko Narushima, "Migrant worker died on job, union says," *The Sydney Morning Herald*, 11 November 2008, p. 7.

somehow exploitation of 457 visa holders... is really a despicable scare campaign.<sup>23</sup>

Andrews is correct to point out that these examples of exploitation have occurred when employers have acted illegally. To prevent widespread abuse of the program, the Department of Immigration monitors employer adherence to its regulations. In 2006-07, there were a total of 14,780 sponsoring employers in Australia. Of these, the Department monitored 6,858 employers and visited 1,680 sites. This led to 95 sanctions and 93 formal warnings.<sup>24</sup>

Nevertheless, while the Government has argued that it is the actions of rogue employers that lead to the exploitation of workers, similarities between many of the cases suggests that there are aspects of the 457 visa program itself that facilitate this mistreatment and exploitation. To prevent this, it was recommended that the Government should publicly release information about the program, such as the type of jobs being undertaken, the location of workers and their wages, on a regular basis.<sup>25</sup> The Government has reacted to this and other similar requests, and now releases monthly data on 457 visa holders.<sup>26</sup> While making information about the program public is beneficial and may lead to less exploitation, others argue that this exploitation is the result of the fundamental nature of the program.

Bissett and Landau, who both work for the Australian Council of Trade Unions (ACTU), argue that the program fails to protect workers from the violation of some of their basic rights: freedom from forced labour; freedom

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<sup>23</sup> Andrews in Matthew Moore, Jewel Topsfield, and Malcolm Knox, "Philippines hits out at abuse of workers," *The Age*, 29 August 2007, p. 2.

<sup>24</sup> Visa Subclass 457 External Reference Group, *Final Report to the Minister for Immigration and Citizenship*, p. 33.

<sup>25</sup> Bob Kinnaird, "Current Issues in the Skilled Temporary Subclass 457 Visas," *People and Place* vol. 14, no. 2 (2006), pp. 63-64.

<sup>26</sup> For a list of these reports, see <http://www.immi.gov.au/media/statistics/statistical-info/temp-entrants/subclass-457.htm>.

of association; the right to just and favourable conditions of work; and the right to effective remedies.<sup>27</sup> To prevent this, they promote a rights-based solution, based on ensuring that 457 visa holders are aware of their rights and are not used as a cheap source of labour.<sup>28</sup> As they note, at the time that they wrote their article, the Australian Government had initiated a number of reviews of the program. These inquiries highlighted many of the same issues as those raised by Bissett and Landau, and in responding to these the Government has placated some concerns. However, the sheer number of recommendations produced by the Integrity Review,<sup>29</sup> which was charged with addressing “concerns about the exploitation of migrant workers,”<sup>30</sup> indicates that many of the concerns raised by authors such as Bissett and Landau were valid.

There has also been some research into how the program affects the conditions of Australian workers. In particular, there has been focus on whether the program allows employers to reduce wages.<sup>31</sup> This has been particularly prevalent in trade union criticism of the program,<sup>32</sup> but former

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<sup>27</sup> Michelle Bissett and Ingrid Landau, “Australia's 457 visa scheme and the rights of migrant workers,” *Alternative Law Journal* vol. 33, no. 3 (September 2008), pp. 143-144.

<sup>28</sup> *Ibid.*, p. 146.

<sup>29</sup> This report list 67 recommendations, see Visa Subclass 457 Integrity Review, “Final Report,” *Minister for Immigration and Citizenship* (October 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/457-integrity-review-report.pdf>> accessed 19 November 2008, pp. 8-16

<sup>30</sup> Chris Evans, “IR expert to oversee temporary skilled migration review,” *Minister for Immigration and Citizenship* (14 April 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/ce08035.htm>> accessed 3 June 2009.

<sup>31</sup> Harry Williams, *457-Visas; The International Brigade of The Reserve Army of Labour* (Newcastle: Centre of Full Employment and Equity, February 2007) <<http://e1.newcastle.edu.au/coffee/pubs/wp/2007/07-01.pdf>> accessed 26 July 2010.

<sup>32</sup> Construction, Forestry, Mining and Energy Union - Western Australia, “Campaigns: 457 Guest Workers,” (n.d.) <<http://www.cfneuwa.com/go/campaigns/457-guest-workers>> accessed 3 September 2010; Construction, Forestry, Mining and Energy Union, “Submission to the Joint Standing Committee on Migration Inquiry into Eligibility requirements and monitoring, enforcement and reporting arrangements for temporary business visas,” *Parliament of Australia*, (2 February 2007) <<http://www.aph.gov.au/house/committee/mig/457visas/subs/sub021.pdf>> accessed 13 September 2010, p. 4; Australian Manufacturing Workers' Union, “Campaigns: stop



Immigration Minister Amanda Vanstone has also acknowledged it when she noted that the visa “opens up the industry to other pools of employees, which undermines the unions’ ability to exploit high wages amid the skills shortage.”<sup>33</sup> It is argued that because employers can recruit workers from overseas, they are able to force Australian workers to accept lower wages and conditions. The opening up of the industry that Vanstone notes is a reference to the role of globalisation in the introduction and operation of the program.

## The 457 visa and globalisation

As noted above, the concept of globalisation was cited by the Government as one of the primary reasons for its commissioning of the Roach Inquiry to investigate potential changes to Australia’s temporary migration program. This was reflected in the inquiry’s terms of reference, which explicitly stated that it must take place “against the background of the increasing globalisation of business.”<sup>34</sup> Similar language was used by then Immigration Minister Philip Ruddock when he announced that the 457 visa program had been approved, citing the reality of the “international market” as one of the primary

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457 visa exploitation,” (n.d.) <<http://www.amwu.org.au/campaigns/4/457-VISA-EXPLOITATION/>> accessed 3 September 2010; Australian Manufacturing Workers’ Union, “Submission to the Joint Standing Committee on Migration Inquiry into Eligibility requirements and monitoring, enforcement and reporting arrangements for temporary business visas,” *Parliament of Australia* (February 2007) <<http://www.aph.gov.au/house/committee/mig/457visas/subs/sub040.pdf>> accessed 13 September 2008, p. 2; Communications, Electrical and Plumbing Union of Australia, “Submission to the Joint Standing Committee on Migration Inquiry into Eligibility requirements and monitoring, enforcement and reporting arrangements for temporary business visas,” *Parliament of Australia* (26 February 2007) <<http://www.aph.gov.au/house/committee/mig/457visas/subs/sub061.pdf>> accessed 4 May 2010, p. 4; Australian Council of Trade Unions, “Submission to the Joint Standing Committee on Migration Inquiry into Eligibility requirements and monitoring, enforcement and reporting arrangements for temporary business visas,” *Parliament of Australia* (9 February 2007) <<http://www.aph.gov.au/house/committee/mig/457visas/subs/sub039.pdf>> accessed 4 May 2010.

<sup>33</sup> Meaghan Shaw, “Guest workers cut wages: Vanstone,” *The Age*, 8 June 2006, p. 8.

<sup>34</sup> Committee of Inquiry into the Temporary Entry of Business People and Highly Skilled Specialists, *Business Temporary Entry*, p. 84.

reasons.<sup>35</sup> That Ruddock believed globalisation played an important role was even more evident when he announced an inquiry into temporary residence policies, including the 457 visa, four years later:

The growing importance of temporary residents in our economy, with the globalisation of the labour market and the increasing movement of people for short-term business, work and personal purposes, makes it important to look at these arrangements.<sup>36</sup>

During his time as Immigration Minister, Ruddock continued to cite the impact of globalisation on the operation of the migration system, noting in a 2003-04 Budget media release that,

It is very important for Australia not only to gain new skilled workers through our Migration and Temporary Entry Programs, but also to keep them, especially at a time of globalisation and rapid growth in the international movement of skilled people.<sup>37</sup>

The Howard Government continued to discuss the links between the 457 visa program and globalisation throughout its term. In a speech to a conference organised by the *Australian Financial Review* in 2006, Howard himself discussed the role of temporary migration in responding to skill shortages that were becoming evident in the Australian economy. According

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<sup>35</sup> Phillip Ruddock, "Streamlined Temporary Business Entry Approved," *Minister for Immigration and Multicultural and Indigenous Affairs* (5 June 1996)  
<<http://pandora.nla.gov.au/pan/67564/20070202-0000/www.minister.immi.gov.au/media/media-releases/1996/r96021.html>> accessed 22 February 2010.

<sup>36</sup> Phillip Ruddock, "Review of Temporary Residence Visas," *Minister for Immigration and Multicultural and Indigenous Affairs* (4 July 2000)  
<<http://pandora.nla.gov.au/pan/67564/20070202-0000/www.minister.immi.gov.au/media/media-releases/2000/r00072.html>> accessed 22 February 2010.

<sup>37</sup> Philip Ruddock, "2003-04 Migration Program Will Increase Benefits to Australia," *Parliament of Australia* (31 March 2003)  
<[http://parlinfo.aph.gov.au/parlInfo/download/media/pressrel/5P396/upload\\_binary/5p3962.pdf;fileType=application%2Fpdf#search=%22media/pressrel/5P396%22](http://parlinfo.aph.gov.au/parlInfo/download/media/pressrel/5P396/upload_binary/5p3962.pdf;fileType=application%2Fpdf#search=%22media/pressrel/5P396%22)> accessed 19 January 2011, p. 8.

to Howard, “demand for a more skilled workforce is being driven by globalisation.”<sup>38</sup>

The current Labor Government has continued to make the link between globalisation and the 457 visa program. In a speech in 2008, Immigration Minister Chris Evans noted that globalisation included the “internationalisation of the labour market.” Further, this meant Australia needed to move away from an “old-fashioned migration system,” highlighting the 457 visa as a significant development in this shift.<sup>39</sup>

At the end of the period of study for this thesis, the 2008-09 financial year, Evans again noted the influence of globalisation. When asked about the growing role of temporary migration, he stated that “the world’s changed. We have a global employment market now.”<sup>40</sup> The influence of globalisation on the 457 visa program has therefore been an important one since the start, with politicians often referring to it to defend the program.

However, it is not just politicians that have made the link between globalisation and the 457 visa program. During a number of Parliamentary Committee hearings, witnesses from a variety of organisations have also made the link. It is significant that these witnesses have been both supporters and opponents of the program. One migration agent that assisted companies and workers to access the 457 visa program noted,

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<sup>38</sup> John Howard, “Address to the Australian Financial Review - Skilling Australia Conference, Sheraton on the Park Hotel, Sydney,” *Prime Minister* (18 September 2006) <<http://pandora.nla.gov.au/pan/10052/20061221-0000/www.pm.gov.au/news/speeches/speech2142.html>> accessed 24 February 2010.

<sup>39</sup> Chris Evans, “Sustaining the boom - the role of skilled migration in the WA economy,” *Minister for Immigration and Citizenship* (17 June 2008) <<http://www.minister.immi.gov.au/media/speeches/2008/ce080717.htm>> accessed 13 August 2008.

<sup>40</sup> Evans in Peter Mares, “The immigration two-step,” *The National Interest* (ABC Radio, 3 July 2009) <<http://www.abc.net.au/rn/nationalinterest/stories/2009/2616441.htm#transcript>> accessed 10 July 2009.

In a world economy characterised by globalisation and by skills shortages in many countries, companies operating in Australia... have little choice but to look to the global labour market... From its inception, the subclass 457 visa regime was a positive and, in many ways, a world-leading response to facilitate the movement of skilled workers to Australia.<sup>41</sup>

In its submission to the same inquiry about temporary migration, another migration agent noted, "Australia can not [sic] and should not, stand in the way of globalisation."<sup>42</sup> By doing so, this migration agent is not only making an explicit link between the 457 visa program and globalisation, but demonstrating that, in the eyes of many, this is a necessary development in a globalising world. This belief is also expressed in other submissions to the inquiry. One former visa holder stated "both temporary and permanent migration is a necessity for Australia. Further it is inevitable as current trends in world globalisation are ruled by a capitalist society."<sup>43</sup> In addition, the peak body for organisations that work in the financial markets noted,

The 457 visa subclass is essential to the development of the financial services industry. This is particularly the case for our industry, as the globalisation of financial markets increasingly places value on the international interchange of skills.<sup>44</sup>

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<sup>41</sup> Robert Walsh, Managing Partner, Fragomen Australia in Joint Standing Committee on Migration, "Official Committee Hansard," *Parliament of Australia* (1 June 2007) <<http://www.apf.gov.au/hansard/joint/committee/J10276.pdf>> accessed 19 January 2011, p. M10.

<sup>42</sup> Stirling Henry Migration Services, "Submission to Joint Standing Committee on Migration Inquiry into Temporary Business Visas," *Parliament of Australia* (1 February 2007) <<http://www.apf.gov.au/house/committee/mig/457visas/subs/sub016.pdf>> accessed 19 January 2011, p. 2.

<sup>43</sup> Emanuela Canini, "Submission to the Joint Standing Committee on Migration Inquiry into eligibility requirements and monitoring, enforcement and reporting arrangements for temporary business visas," *Parliament of Australia* (February 2007) <<http://www.apf.gov.au/house/committee/mig/457visas/subs/sub037.pdf>> accessed 19 January 2011, p. 3.

<sup>44</sup> Australian Financial Markets Association, "Submission to the Joint Standing Committee on Migration Inquiry into Temporary Business Visas," *Australian Parliament House* (5 March 2007) <<http://www.apf.gov.au/house/committee/mig/457visas/subs/sub066.pdf>> accessed 19 January 2011, p. 3.

While it is not too surprising that supporters of the program have followed the Government's lead and linked the 457 visa program with globalisation, this is also true of the program's critics. In particular, this link has been made by trade unions in their submissions to inquiries. The Media, Entertainment and Arts Alliance has described the program as a "response to globalisation,"<sup>45</sup> while the Australian Council of Trade Unions outlined its concerns over the impact of globalisation on the 457 visa program and Australian workers.<sup>46</sup>

The link between globalisation and the 457 visa program can also be seen in a number of media reports about the program.<sup>47</sup> One report notes that "one of the defining trends of our time is the increased globalisation of our workforce," citing the growth of temporary labour migration, including "the much decried, but essential, 457 visa program," as evidence of this.<sup>48</sup>

Although it is evident that globalisation has been at the centre of much public discussion of the 457 visa program, it has also played a significant role in much of the academic literature about the program. One of the most prolific writers on the 457 visa program, and temporary migration in general, is Graeme Hugo. He has written extensively on why the 457 visa program was

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<sup>45</sup> Media, Entertainment and Arts Alliance, "Submission to the Joint Standing Committee on Migration Inquiry into Eligibility requirements and monitoring, enforcement and reporting arrangements for temporary business visas," *Parliament of Australia* (February 2007) <<http://www.aph.gov.au/house/committee/mig/457visas/subs/sub055.pdf>> accessed 4 May 2010, p. 7.

<sup>46</sup> Australian Council of Trade Unions, "Submission to the Joint Standing Committee on Migration Review of Australia's Labour Migration and Temporary Entry Programme," *Parliament of Australia* (1 May 2003) <<http://www.aph.gov.au/house/committee/mig/skillmig/subs/sub46.pdf>> accessed 20 January 2011, pp. 1-3

<sup>47</sup> Simon Hayes, "'Go sit on the beach' as jobs worsen," *The Australian*, December 10, 2002; Victoria Laurie, "Free trade in cheap labour," *The Australian*, March 11, 2006; James Riley, "Temp worker brawl brews," *The Australian*, December 14, 2004.

<sup>48</sup> "Growing mobile workforce has world at its feet," *The West Australian*, 2 April 2008, p. 50.

first introduced and the effect it has had on overall migration to Australia.<sup>49</sup> However, it is his article, *Globalization and Changes in Australian International Migration* that provides the best summary of much of his research into the relationship between globalisation and temporary migration, particularly the 457 visa. Hugo's central argument is that,

Globalization has produced a paradigmatic shift not only in the scale of international migration influencing Australia but in its very nature, composition and effects. Among these shifts none is more striking than the move away from the dictum which dominated postwar migration policy, that Australia eschewed temporary-worker migration in favour of permanent settlement, toward a complex array of visa categories that embraces a range of stays in, and commitment to, Australia.<sup>50</sup>

The link between globalisation and temporary migration is reaffirmed throughout this article. Hugo notes that the shift to temporary migration has been “largely a result of globalization and a response to it,”<sup>51</sup> and that the “link between globalization and increased temporary migration is a close one.”<sup>52</sup> Although, as noted previously, there are a variety of different visas available to temporary migrants to Australia, Hugo highlights the introduction of the 457 visa as “a direct response to changing global labour markets and globalization processes.”<sup>53</sup>

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<sup>49</sup> Graeme Hugo, *A new paradigm of international migration: implications for migration policy and planning in Australia*, Research Paper No. 10 (Canberra: Parliamentary Library, 2004) <<http://www.aph.gov.au/Library/Pubs/RP/2003-04/04rp10.pdf>> accessed 1 February 2010; Graeme Hugo, *Temporary migration: a new paradigm of international migration*, Research Note No. 55 (Canberra: Parliamentary Library, 2004) <<http://www.aph.gov.au/library/Pubs/RN/2003-04/04rn55.pdf>> accessed 1 February 2010; Graeme Hugo, “Australian experience in skilled migration,” in *Competing for global talent*, ed. Christine Kuptsch and Eng Fong Pang (Geneva: International Institute for Labour Studies, 2006), pp. 107-154; Graeme Hugo, “Migration Policies Designed to Facilitate the Recruitment of Skilled Workers in Australia,” in *International Mobility of the Highly Skilled* (Paris: Organisation for Economic Co-operation and Development, 2002), pp. 291-320.

<sup>50</sup> Hugo, “Globalization and Changes in Australian International Migration,” pp. 107-108.

<sup>51</sup> *Ibid.*, p. 107.

<sup>52</sup> *Ibid.*, p. 110.

<sup>53</sup> *Ibid.*, p. 118.

Hugo outlines a number of ways that globalisation has affected international migration to defend his contention that globalisation has resulted in a “paradigmatic shift” in international migration to Australia. Firstly, he notes that all nations in the world are now influenced by migration, either as destination countries, source countries, or both. Secondly, barriers to the migration of skilled workers have been removed. Thirdly, this increase in the movement of people across national borders has led to what he describes as a “new reality in which migrants identify and commit to more than one nation-state.”<sup>54</sup> However, according to Hugo, globalisation’s most significant impact is not on the size of migration to Australia, but a change in its nature. Rather than the traditional form of migration which saw migrants move permanently, more people are now coming to Australia on a temporary basis. This, “together with a more general transformation in the global context of international migration, ha[s] greatly reduced the contemporary relevance of much existing research on Australian international migration.”<sup>55</sup> However, Hugo not only believes that this insight has a significant impact upon academic research into migration, but that it must also form the basis of all policy thinking surrounding migration.<sup>56</sup> While Hugo’s work is academic in nature, its impact on Australia’s migration program should not be underestimated, with much of it published by Government departments.<sup>57</sup> Significantly, the Department of Immigration began its submission to the

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<sup>54</sup> Ibid., pp. 108-110.

<sup>55</sup> Ibid., pp. 115-116.

<sup>56</sup> Ibid., p. 128.

<sup>57</sup> Siew-Ean Khoo et al., *A Global Market: The Recruitment of Temporary Skilled Labour from Overseas* (Canberra: Prepared for the Department of Immigration and Multicultural and Indigenous Affairs, 2004); Siew-Ean Khoo, Peter McDonald, and Graeme Hugo, *Temporary Skilled Migrants in Australia: Employment Circumstances and Migration Outcomes* (Department of Immigration and Multicultural and Indigenous Affairs, June 2005); Siew-Ean Khoo, Peter McDonald, and Graeme Hugo, *Temporary Skilled Migrants Employment and Residence Outcomes: Findings from the follow-up survey of 457 visa holders* (Department of Immigration and Multicultural and Indigenous Affairs, August 2006) <[www.immi.gov.au/media/publications/pdf/Temporary\\_Skilled\\_Outcomes.pdf](http://www.immi.gov.au/media/publications/pdf/Temporary_Skilled_Outcomes.pdf)> accessed 6 September 2007; Hugo, *Temporary migration*; Hugo, *A new paradigm for international migration*.

Joint Standing Committee on Migration Inquiry into Skilled Migration in 2002, with the following quote from Hugo,

Immigration has assumed new importance at the turn of the new century, with changes in international migration being so profound that it has been argued that there has been a paradigm shift.<sup>58</sup>

Other academics have also been influenced by Hugo's findings regarding the role of globalisation in international migration. His work is cited by Shah and Burke when they discuss the paradigm shift towards temporary migration, describing globalisation as "one of the drivers of this shift."<sup>59</sup>

Other academics have made the link between globalisation and the 457 visa program without reference to Hugo's work. For example, Birrell and Healy outline how globalisation was central to the Roach Inquiry and the introduction of the 457 visa program,<sup>60</sup> while Collins states "temporary immigration has increased dramatically with globalization," citing the example of the 457 visa scheme.<sup>61</sup> One paper that examines the "backlash" against what it describes as the "crisis of globalisation" that occurred in 2008-09 uses the 457 visa program as a case study,<sup>62</sup> while another article that is critical of

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<sup>58</sup> Hugo in Department of Immigration and Citizenship, "Submission to Joint Standing Committee on Migration Inquiry into Temporary Business Visas," (7 February 2007) <<http://www.apf.gov.au/house/committee/mig/457visas/subs/sub033.pdf>> accessed 6 July 2007, p. 12.

<sup>59</sup> Chandra Shah and Gerald Burke, *Skilled migration: Australia* (Monash University: Centre for the Economics of Education and Training, December 2005) <<http://www.education.monash.edu.au/centres/ceet/docs/workingpapers/wp63dec05shah.pdf>> accessed 19 January 2011, p. 3 Also see Roslyn Cameron and Jennifer L. Harrison, "Australian human resource practitioner views & use of temporary skilled migration," in *Justice and Sustainability in the Global Economy* (presented at the 10th International Federation of Scholarly Associations of Management, Paris, 2010) <[http://epubs.scu.edu.au/cgi/viewcontent.cgi?article=1458&context=comm\\_pubs](http://epubs.scu.edu.au/cgi/viewcontent.cgi?article=1458&context=comm_pubs)> accessed 19 January 2011, pp. 5-6.

<sup>60</sup> Bob Birrell and Ernest Healy, "Globalisation and Temporary Entry," *People and Place* vol. 5, no. 4 (1997), pp. 43-52.

<sup>61</sup> Jock Collins, "Globalisation, Immigration and the Second Long Post-War Boom in Australia," *Journal of Australian Political Economy* vol. 61 (2008), pp. 244-266.

<sup>62</sup> Lucie Cerna and William Hynes, *Globalisation Backlash? The Influence of Global Governance in Trade and Immigration* (Oxford: Centre on Migration, Policy and Society, 2009)



Australia's migration program describes the program as existing "at a time when there is global competition for skilled workers."<sup>63</sup>

The perception, among politicians, academics and the public is that the program is a response to globalisation. It is therefore apparent that an examination of the operation of the program should do so from the perspective of a globalising world.

## Conclusion

Since its inception in 1996, the 457 visa program has grown significantly, with over 100,000 visas granted annually by 2007-08. Approximately half of these are classified as primary 457 visas. To be eligible for a primary 457 visa, a worker must be sponsored by an eligible employer to work in a position that has been classified as skilled by the Government. This employment relationship must continue for the entire period that the worker is in Australia.

Critics of the program often point to the number of cases of exploitation of 457 visa holders that have been exposed. These range from underpayment, to kidnapping and assault, to the deaths of workers in some cases. There have also been claims that the visa scheme allows employers to reduce Australian workers' wages and conditions by threatening to employ 457 visa holders if their demands are not met. These types of actions have led to a number of newspaper reports into the program, as well as trade union campaigns against it. While the Government has claimed that any time an employer mistreats a 457 visa holder they are breaking the law and will be punished, the number of cases that are reported, and the fact that many may go unreported, suggests that some businesses have attempted to exploit their workers by accessing the

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<[http://www.compas.ox.ac.uk/fileadmin/files/pdfs/Working\\_Papers/WP0974%20Cerna\\_Hynes.pdf](http://www.compas.ox.ac.uk/fileadmin/files/pdfs/Working_Papers/WP0974%20Cerna_Hynes.pdf)> accessed 19 January 2011, p. 3 and p. 15.

<sup>63</sup> Jon Stratton, "Preserving White Hegemony: Skilled migration, 'Asians' and middle-class assimilation," *Borderlands* vol. 8, no. 3 (2009), p. 4.

457 visa program. Further, the Government has also admitted that one of the objectives of the scheme is to dampen wage growth by opening up Australia's labour market to foreign workers.

The belief that the 457 visa scheme is necessary because of the development of a global labour market is central to the rationale for the program. The inquiry that led to the program was established with the task of investigating temporary migration to Australia "against the background of the increasing globalisation of business."<sup>64</sup> Politicians have continued to defend the 457 visa program as a necessary response to globalisation, an argument that has also been raised by the media.

Its link with globalisation has also been central to academic research into the 457 visa program. This is exemplified by much of Hugo's work on the program, and by his statement that "the introduction of the 457 visa ... was a direct response to changing global labour markets and globalization processes."<sup>65</sup> To understand the 457 visa program and its impact on workers, it is therefore important to examine the concept of globalisation and analyse how this has affected migration to Australia.

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<sup>64</sup> Committee of Inquiry into the Temporary Entry of Business People and Highly Skilled Specialists, *Business Temporary Entry*, p. 84.

<sup>65</sup> Hugo, "Globalization and Changes in Australian International Migration," p. 118.

## Chapter Two: Globalisation

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Towards the end of the twentieth century, discussions about globalisation seemed to be everywhere. They were central to academic debates, political discussions and popular discourse, and unlike many other concepts, were important in all three domains simultaneously. While academics theorised about the concept, politicians used globalisation to justify the implementation of policies and protestors were in the streets demonstrating against its perceived impact. For this reason, the focus must not be just on the academic theories and debate, but also on the political and popular ramifications of globalisation.

Globalisation is a contested concept, with different definitions proffered by various commentators. However, at a very basic level, globalisation is purported to be the process by which the importance of national borders and physical distance has lessened. In this process, national culture is seen as becoming homogenised and corporations outgrow the nations in which they were first established. At the same time, capital moves from nation to nation at the click of a button and people move around the globe as they wish. Not all of these perceptions are entirely correct, but they do influence policy and beliefs.

Worldwide, politicians have used these perceptions to cast the spectre of globalisation as justification for the implementation of various policies. Australian politicians have justified policies related to education, science, taxation and working conditions by referring to globalisation and the global economy.<sup>1</sup>

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<sup>1</sup> For examples, see Julie Bishop, "Opening Address of the International Education Forum," *Minister for Education, Science and Training* (4 April 2006) <<http://www.dest.gov.au/Ministers/Media/Bishop/2006/04/b003040406.asp>> accessed 9 November 2007; Julie Bishop, "Address to the Sydney Institute," *Minister for Education, Science and Training* (19 July 2006) <<http://www.dest.gov.au/ministers/media/bishop/2006/07/b011240706.asp>> accessed 9 November 2007; Peter Costello, "Questions and Answers, Sydney Institute," *Treasurer* (25

While politicians justified domestic policies by invoking globalisation, it has also been used to justify changes in foreign policy. As early as 1997, then Australian Prime Minister, John Howard, noted that

We are living today amidst unprecedented economic and technological change... Globalisation is encouraging all of us to do what we do best. It is driving specialisation of production which has increased the importance of trade as part of economic growth.<sup>2</sup>

Although there can be little doubt that globalisation has been at the centre of many discussions in the past ten to twenty years, the length of time that globalisation has been a driving force in the world is a contentious issue. Some researchers claim that the phenomenon known as globalisation goes back several millennia, five hundred years or since the start of the nineteenth century.<sup>3</sup>

Others view the establishment of various international organisations after the Second World War as being central to globalisation.<sup>4</sup> The Bretton-Woods Conference in 1944 led to the establishment of the International Monetary Fund (IMF), the World Bank and the General Agreement on Tariffs and Trade, later to become the World Trade Organisation (WTO). These organisations became central to an economic system in the second half of the

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July 2001) <<http://www.treasurer.gov.au/tsr/content/transcripts/2001/101.asp>> accessed 9 November 2007; Joe Hockey, "Speech to the Australian Mines and Metals Association: Workplace Relations," *Parliament of Australia* (23 March 2007) <[http://parlinfo.aph.gov.au/parlInfo/download/media/pressrel/QAPM6/upload\\_binary/qapm61.pdf;fileType=application%2Fpdf#search=%22media/pressrel/qapm6%29%22](http://parlinfo.aph.gov.au/parlInfo/download/media/pressrel/QAPM6/upload_binary/qapm61.pdf;fileType=application%2Fpdf#search=%22media/pressrel/qapm6%29%22)> accessed 22 February 2010.

<sup>2</sup> John Howard, "Address to the Commonwealth Business Forum," *Prime Minister* (23 October 1997) <<http://pandora.nla.gov.au/nph-arch/O1998-Aug-4/http://www.pm.gov.au/media/pressrel/1997/october/chogmspc.htm>> accessed 22 February 2010.

<sup>3</sup> Kevin H. O'Rourke and Jeffrey G. Williamson, *When Did Globalization Begin?* (Cambridge: National Bureau of Economic Research, 2000) <<http://www.nber.org/papers/w7632>> accessed 13 November 2007.

<sup>4</sup> Ronnie D. Lipshutz, "Constituting Political Economy: Globalization, Citizenship, and Human Rights," in *People Out of Place: Globalization, Human Rights, and the Citizenship Gap*, ed. Alison Brysk and Gershon Shafir (New York: Routledge, 2004), p. 39.

twentieth century that was relatively stable for approximately twenty-five years.

The economic crisis that arose in the early 1970s is seen by others as marking the beginning of globalisation.<sup>5</sup> It has also been claimed that globalisation came into prominence at the end of the Cold War, following the implementation of neoliberal economic policies by, amongst others, Margaret Thatcher in Britain and Ronald Reagan in the United States.<sup>6</sup>

This disagreement over the history of globalisation is representative of the differing views over many of the aspects of the concept. Central to this problem is the lack of a clear and universally accepted definition of globalisation.

## **What is Globalisation?**

For a term to be central to so many debates and yet suffer from a lack of a precise definition is unusual. As Giddens commented during a keynote address to the United Nations Research Institute for Social Development, “there are few terms that we use so frequently but which are in fact as poorly conceptualized as globalization”.<sup>7</sup> Acknowledging the danger that such poor conceptualisation can lead to, Weinstein notes, “globalization is a slippery term that lends itself to abuse.”<sup>8</sup> Without a precise definition, different actors

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<sup>5</sup> “Globalisation: Origins-History-Analysis-Resistance,” *Do or Die: Voices from the ecological resistance*, no. 8 (1999), pp. 35-54.

<sup>6</sup> Thomas Friedman, *The Lexus and the Olive Tree* (London: HarperCollins, 2000), p. xvi; William Outhwaite and Larry J. Ray, *Social theory and postcommunism* (Oxford: Blackwell Publishing, 2005), p. 117.

<sup>7</sup> Anthony Giddens, “Essential Matter: Globalization, Excerpts from a Keynote Address at the UNRISD Conference on Globalization and Citizenship,” *United Nations Research Institute for Social Development* (1 December 1996) <[http://www.unrisd.org/unrisd/website/newsview.nsf/\(httpNews\)/3F2A5BF8EF7300D480256B750053C7EC?OpenDocument](http://www.unrisd.org/unrisd/website/newsview.nsf/(httpNews)/3F2A5BF8EF7300D480256B750053C7EC?OpenDocument)> accessed 16 April 2008.

<sup>8</sup> Michael M. Weinstein, ed., *Globalization: What's New* (New York: Columbia University Press, 2005), p. 1.

have been able to determine their own definition, which conforms to the argument they are making.

This disagreement is evident in popular as well as academic circles. A survey of the Australian media demonstrates how many different definitions of globalisation there are within the public domain. Examples of these definitions include “a cornucopia of possibilities... [that allows people to lead] lives so exotic and fulfilling that 50 years ago they would seem the stuff of movies,” “a process of global culture replacing distinctive national cultures,” and “essentially it is all about doing business across borders and what that means is more customers and more competitors.”<sup>9</sup>

At a political level former Australian Treasurer, Peter Costello, defines globalisation as

a description of the fact that countries and their citizens are affected by other people, or governments, or businesses, or decision-makers all around the world... you will not reverse this process.<sup>10</sup>

A number of commentators and politicians stress the last point, that the process of globalisation cannot be reversed; suggesting that struggle against any aspect of globalisation is futile.<sup>11</sup> People should just accept the results that come with living in a globalised world.

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<sup>9</sup> Andrew Bolt, “Open up and live,” *Herald-Sun*, 2 August 2001, p. 19; Tim Colebatch, “A Worldly Force For Good And Ill,” *The Age*, 31 July 2001, p. 13; Sophie Toomey, “Globalisation leads to whole new world,” *The Australian*, 18 May 2000, p. 30.

<sup>10</sup> Peter Costello, “Challenges and Benefits of Globalisation: Address to the Sydney Institute,” *Treasurer* (25 July 2001) <<http://www.treasurer.gov.au/tsr/content/speeches/2001/003.asp>> accessed 19 November 2007.

<sup>11</sup> See John Howard, “Address to University Students, Belfield Campus, University College Dublin,” *Prime Minister* (22 May 2006) <<http://pandora.nla.gov.au/pan/10052/20080118-1528/pm.gov.au/media/Speech/2006/speech1977.html>> accessed 24 February 2010. The inevitable nature of globalisation is also expressed by British Prime Minister Gordon Brown, who noted “globalisation is not an option”. See Gordon Brown, “The special relationship is going global,” *The Sunday Times*, 1 March 2009, p. 21.

A major debate has also erupted in academia concerning the impact of globalisation. As with the popular and political discourse over the effects of globalisation, the academic debate can involve two (or more) sides arguing about different concepts. For this reason, a definition of globalisation is needed that is precise enough to allow analysis, while also being broad enough to reflect popular perceptions of the process.

Noting the vast array of definitions of globalisation, and the difficulties that this raises, Scholte attempts to provide an extremely detailed definition of what globalisation is, and what it is not. Discarding a number of popular definitions of globalisation, which make it synonymous with internationalisation, liberalisation, universalisation, and modernisation, Scholte defines globalisation as the “respatialisation of social life,” which includes the “large-scale growth of transplanetary – and often also supraterritorial – connectivity.”<sup>12</sup>

Although Scholte is correct to note that much of the time what is said to be globalisation can be better described using other terms, he has also been guilty of this. For example, Scholte describes the dynamics of globalisation as involving rationalist knowledge, capitalist production, automated technology and bureaucratic governance.<sup>13</sup> However, later he criticises those who view globalisation as modernisation, “whereby the social structures of modernity (capitalism, rationalism, industrialism, bureaucratism etc.) are spread the world over.”<sup>14</sup> If these structures are central to the dynamics of globalisation, then surely Scholte is equating globalisation with modernisation.

There are also inconsistencies in the importance Scholte places on globalisation. Firstly, he argues, “globalization is a distinctive and significant

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<sup>12</sup> Jan Aart Scholte, “Defining Globalisation,” *World Economy* 31, no. 11 (2008), p. 1499.

<sup>13</sup> Jan Aart Scholte, *Globalization: A Critical Introduction* (New York: St. Martin's Press, 2000), p. 3.

<sup>14</sup> *Ibid.*, p. 16.

feature of recent world history,” but then notes that “on the whole globalization has to date yielded change within continuity rather than deeper transformation.”<sup>15</sup> If globalisation is such a significant feature of recent history, then its effects are much more significant than the minor changes Scholte attributes to it in the second part of this quote.

As Scholte notes, the definition he offers is significantly different to more ‘popular’ definitions used by journalists and politicians, who are more likely to see globalisation as being synonymous with internationalisation, liberalisation, universalisation or modernisation.<sup>16</sup> However, given the importance of globalisation in popular and political discourse, any definition used should reflect the views of those participating in these discussions.

One writer who has been central to the public discourse surrounding globalisation is Thomas Friedman, who defines globalisation as,

the inexorable integration of markets, nation-states and technologies to a degree never witnessed before – in a way that is enabling individuals, corporations and nation-states to reach around the world farther, faster, deeper and cheaper than ever before, and in a way that is enabling the world to reach into individuals, corporations and nation-states farther, faster, deeper and cheaper than ever before.<sup>17</sup>

Friedman’s definition represents a more ‘popular’ view of globalisation, and is similar to definitions used by other authors, which refer to the ease and speed in which individuals, corporations and finance can move around the world. Another author who has developed a similar definition is Kenichi Ohmae, who views globalisation as the unimpeded flow across national borders of the four “I’s” - industry, investment, individuals, and information.<sup>18</sup>

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<sup>15</sup> Ibid., p. 3 and p. 5.

<sup>16</sup> Scholte, “Defining Globalisation,” p. 1477.

<sup>17</sup> Friedman, *The Lexus and the Olive Tree*, p. 9.

<sup>18</sup> Kenichi Ohmae, *The End of the Nation-State: The Rise of Regional Economics* (London: HarperCollins, 1995), p. viii.



George Monbiot supports the definitions provided by Friedman and Ohmae. Nevertheless, while he recognises that the concept has had so many definitions as to be almost meaningless, he does outline a few changes that he sees as interconnected and simultaneous, and that together indicate globalisation. These include the removal of controls on the movement of capital, the removal of trade barriers, and the growth of the multinational corporation.<sup>19</sup>

Examples of other definitions of globalisation include, “an attempt to restructure the whole global economy in the interests of corporations”<sup>20</sup> and “the dismantling of barriers to the movement of capital and the loss of local national sovereignties to the interests of transnational firms.”<sup>21</sup> These definitions focus on particular aspects of globalisation and may therefore not be as useful for a complete analysis of all the issues that surround globalisation.

Many of the definitions outlined above have stressed the economic impact of globalisation. However, globalisation is not purely an economic term, with many other social scientists also investigating the impact of globalisation in their area of speciality. As noted above, Giddens believes that while globalisation is a popular term, it has been poorly conceptualised. In one of the earlier writings on globalisation, Giddens defines globalisation as

the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa. This is a dialectical process because such local happenings may move in an obverse direction from the very distanced

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<sup>19</sup> George Monbiot, *The Age of Consent: A Manifesto for a New World Order* (London: Flamingo, 2003), p. 21.

<sup>20</sup> Neale, *You Are G8, We Are 6 Billion: The Truth Behind the Genoa Protests*, p. 204.

<sup>21</sup> Iain A. Boal, “Glossary,” in *The Battle of Seattle: The New Challenge to Capitalist Globalization*, ed. Eddie Yuen, George Katsiaficas, and Daniel Burton Rose (New York: Soft Skull Press, 2001), p. 379.

relations that shape them. *Local transformation* is as much a part of globalisation as the lateral extension of social connections across time and space.<sup>22</sup>

This definition places globalisation as a phenomenon based on space and distance, acknowledging that what occurs in one place on the globe can have major repercussions in another. It should also be noted that Giddens believes that globalisation leads to stronger social connections at both the global and the local level. One criticism of Giddens's definition of globalisation, which is taken up by Rosenberg below, is that his definition of globalisation does not provide any indication as to what is causing this process, but rather is simply a description of what is occurring.

As can be seen from the variety of definitions provided by these writers, globalisation can mean different things to different people. Therefore, to undertake any meaningful analysis of the concept, a definition is needed. While writers define globalisation in a variety of different ways, there are some common points on which most commentators agree. These include such changes as the lessening importance of physical distance and the role of national borders in trade, the subsequent increase in movements across borders and the increased significance of events in other countries on domestic affairs. One definition that seems to summarise many of these points is from Held and McGrew, who define globalisation as the "growing magnitude or intensity of global flows such that states and societies become increasingly enmeshed in worldwide systems and networks of interaction."<sup>23</sup> The common result of this process is the growing importance of non-domestic players on domestic affairs and as noted above, the perceived inevitability of the growth of this process.

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<sup>22</sup> Anthony Giddens, *The Consequences of Modernity* (Cambridge: Polity Press, 1990), p. 64.

<sup>23</sup> Held and McGrew, "The Great Globalization Debate: An Introduction," p. 3.

### **Globalisation and Immigration**

Whereas the flow of products, capital and information is usually central to analyses of globalisation, the movement of people is often neglected. As outlined above, Ohmae views globalisation as the relatively unimpeded flow across national borders of the four “I’s”, industry, investment, individuals and information. On first viewing, Ohmae appears to believe that the movement of individuals across national borders is central to globalisation. However, Ohmae proceeds to note that by individuals he means ‘individual consumers,’ who, because of better access to information, are not parochial in their purchasing decisions.<sup>24</sup> In fact, Ohmae is so dismissive of the importance of immigration as a factor in modern day globalisation that he notes that the major migration of the nineteenth century was the movement of people across national borders, in the twentieth century it was the movement of corporations, while in the twenty-first century it will be the movement of services through digital networks.<sup>25</sup>

Nevertheless, as Castles notes, “international migration is an essential part of globalization”<sup>26</sup> and “clearly, international migration fits extremely well with the logic of globalization.”<sup>27</sup> For Castles, globalisation will lead to an increase in migration, in particular a growth in temporary and cyclical migration, which in turn will raise questions of which nation-states these migrants belong to.<sup>28</sup>

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<sup>24</sup> Ohmae, *The End of the Nation-State*, p. 4.

<sup>25</sup> Ibid., p. 135.

<sup>26</sup> Stephen Castles, “Globalization and migration: some pressing contradictions,” *International Social Science Journal* 50, no. 156 (1998), p. 181.

<sup>27</sup> Stephen Castles, “Migration and Community Formation under Conditions of Globalization,” *International Migration Review* 36, no. 4 (2002), p. 1147.

<sup>28</sup> Castles, “Migration and Community Formation under Conditions of Globalization,” p. 1157; Stephen Castles, *Ethnicity and Globalization: From Migrant Worker to Transnational Citizen* (London: Sage, 2000), p. 11.

Much of the research on the relationship between globalisation and international migration comes from an economic perspective. Many theories of migration are based on the belief that greater economic opportunities in one country will lead to migration to that country.<sup>29</sup> Accepting this, Rosewarne argues that the uneven development of capitalism that is at the core of globalisation, with most capital concentrated in North America, Europe and East Asia, has provided the impetus for migration to these regions.<sup>30</sup> Although the economic conditions prevalent in receiving countries may encourage migration to them, such theories must also take into consideration the conditions in the source countries. Again, the impact of globalisation can be seen. As argued by Marfleet, the imposition of neoliberal economic policies on some developing countries by the International Monetary Fund (IMF) and World Bank has often led to crises in states and resulted in large migration flows.<sup>31</sup>

Although organisations such as the IMF, may bear responsibility for the forced migration of some groups of people, it is notable that “no international regime exists for migration comparable to the World Trade Organization (WTO).”<sup>32</sup> While there are a number of reasons why no such regime exists, one is the lack of political power of those most likely to gain from it; migrants from developing countries.<sup>33</sup>

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<sup>29</sup> For a review of some popular theories of migration, see Douglas S. Massey et al., “Theories of International Migration: A Review and Appraisal,” *Population and Development Review* 19, no. 3 (September 1993), pp. 431-466.

<sup>30</sup> Stuart Rosewarne, “Globalization, Migration, and Labor Market Formation - Labor's Challenge?,” *Capitalism Nature Socialism* 13, no. 3 (2001), p. 72.

<sup>31</sup> Philip Marfleet, *Refugees in a Global Era* (Basingstoke: Palgrave Macmillan, 2006), pp. 38-56.

<sup>32</sup> Charles B. Keely, “Globalization Transforms Trade-Migration Equation,” *International Migration* 41, no. 1 (2003), p. 88.

<sup>33</sup> Timothy J. Hatton, “Should we have a WTO for international migration?,” *Economic Policy* 22, no. 50 (2007), p. 373.

The lack of an international organisation that aims to reduce the barriers faced by migrants is an example of the different treatment of people and capital under conditions of globalisation. Whether such a difference should exist is at the core of many debates over the relationship between globalisation and immigration. Castles argues that due to the importance of international migration to globalisation, any attempts by states to restrict the mobility of migrants, while at the same time encouraging international trade, will be unsuccessful.<sup>34</sup> Similarly, Legrain contends that the opportunity to move across national borders that is afforded to commodities and companies should also be given to people, arguing that new migrants will often work in the jobs that domestic workers no longer want and for lower wages.<sup>35</sup> However, others argue that while there are some similarities between the trade of goods and the migration of people, there are significant differences. In particular, Borjas highlights how the impact that people will have on a receiving country is quite different to the effect of commodities. Borjas believes that this is often overlooked by analysts who only examine the short-term results of migration on the labour force, rather than considering the longer-term effects on the economy.<sup>36</sup>

While there is debate over whether globalisation means that people and capital should be treated the same, there is general agreement that this has not occurred. The reason why has been investigated by some authors who agree with Castles and Legrain that it is inconsistent to argue for a reduction in trade barriers but not in migration controls. McNevin uses Hollified's concept of a 'liberal paradox'.<sup>37</sup> This paradox occurs in liberal democracies when the decline of borders for commodities and businesses causes anxiety

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<sup>34</sup> Castles, "Globalization and migration: some pressing contradictions," p. 181.

<sup>35</sup> Philippe Legrain, *Immigrants: Your Country Needs Them* (London: Little, Brown, 2007), pp. 17-18.

<sup>36</sup> George J. Borjas, "Globalization and Immigration," in *Globalization: What's New*, ed. Michael M. Weinstein (New York: Columbia University Press, 2005), pp. 77-95.

<sup>37</sup> Anne McNevin, "The Liberal Paradox and the Politics of Asylum in Australia," *Australian Journal of Political Science* 42, no. 4 (December 2007), p. 612.

amongst a significant proportion of the population, leading to greater restrictions on the immigration of people. This paradox is also highlighted by Rosewarne, who states that although the rhetoric about globalisation could lead one to believe that people are treated the same as capital, “nothing could be further from the truth.”<sup>38</sup>

However, while McNevin and Rosewarne both point out the growing restrictions placed on migrants, in both cases they restrict their analysis to particular types of migrants. Both highlight the restrictions placed on those seeking asylum, while Rosewarne also examines the regulations surrounding labour migrants. In a similar manner, a number of authors have found that globalisation has affected the migration opportunities of disparate groups of people differently. This has led some to describe globalisation as leading to a “citizenship gap,” whereby there is an increasing number of people who are resident in states but are considered non-citizens. Included in this group are refugees and migrant workers.<sup>39</sup> Similarly, Shamir talks of a “mobility gap,” whereby it is not just the right to citizenship that differs between groups, but the actual right to move between countries. This gap is amplified by a “paradigm of suspicion” that is at the centre of the current globalised mobility regime.<sup>40</sup> Although McNevin, Rosewarne and Shamir argue that globalisation appears to lead to greater restrictions on migration, the reason that their findings are significant is that this is in contrast to the popular perception of globalisation. As Shamir states at the start of his article, “regardless of the attention given to the widening mobility gap in the present

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<sup>38</sup> Rosewarne, “Globalization, Migration, and Labor Market Formation - Labor's Challenge?,” p. 72.

<sup>39</sup> Alison Brysk and Gershon Shafir, “Introduction: Globalization and the Citizenship Gap,” in *People Out of Place: Globalization, Human Rights, and the Citizenship Gap* (New York: Routledge, 2004), p. 6.

<sup>40</sup> Ronen Shamir, “Without Borders? Notes on Globalization as a Mobility Regime,” *Sociological Theory* 23, no. 2 (2005), p. 200.

era, globalization is predominantly theorized in terms of social openness and social fluidity.”<sup>41</sup>

While globalisation is often cited as having an effect on overall migration, its role is particularly central in discussions about guest worker programs. A number of authors who investigate the impact of globalisation on citizenship use guest worker programs to argue that the importance of the nation has reduced dramatically, leading to what they describe as post-national or denationalised citizenship.<sup>42</sup> The relationship between globalisation and guest worker program has also been evident in political discussions. There has been a long-running debate in the United States about reform to its immigration system, with the introduction of a guest worker program often central to any proposed plans. The reason often given for the need for a guest worker program, particularly one for skilled workers, is the influence of globalisation.<sup>43</sup>

A definition of what globalisation means in the field of migration studies is needed if one intends to analyse whether or not the 457 visa program is a response to globalisation. Considering the various definitions surveyed above, the following definition of globalisation will be used in this thesis: a new phenomenon that has affected international migration by removing the impediment of national borders and by doing so led to a labour market and society that transcend nation-states.

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<sup>41</sup> Ibid., p. 197.

<sup>42</sup> Yasemin N. Soysal, *Limits of citizenship: migrants and postnational membership in Europe* (Chicago: University of Chicago, 1994); David Jacobson, *Rights across Borders: Immigration and the Decline of Citizenship* (Baltimore and London: John Hopkins University Press, 1996); Linda Bosniak, “Citizenship Denationalized,” *Indiana Journal of Global Legal Studies* 7, no. 2 (2000), pp. 447-509; Saskia Sassen, “The Repositioning of Citizenship,” in *People Out of Place: Globalization, Human Rights, and the Citizenship Gap*, ed. Alison Brysk and Gershon Shafir (New York: Routledge, 2004), pp. 191-208.

<sup>43</sup> B. Lindsay Lowell, “Skilled temporary and permanent immigrants in the United States,” *Population Research and Policy Review* 20, no. 1 (2001), pp. 33-58; Dani Rodrik, “Be Our Guests,” *New York Times*, 1 June 2007.

## The Debate

As can be seen by looking at the variety of definitions of globalisation, the concept itself is contentious. Flowing from this is a debate between the supporters and critics of globalisation. This debate has been most dramatically demonstrated by protests outside major meetings of the international organisations established after World War II. Examples of these protests include those that occurred outside meetings in such places as Seattle (November 1999), Melbourne (September 2000), Genoa (July 2001) and Edinburgh (July 2005). These became the public face of the debate surrounding globalisation.

This debate is best viewed as occurring between two groups. On one side are the supporters of globalisation, often, but not always, including politicians, business-people and the heads of organisations such as the WTO and IMF.<sup>44</sup> On the other side are the protestors, often termed the ‘anti-globalisation’ or ‘alter-globalisation’ movement.<sup>45</sup> This movement includes such diverse groups of people as trade unionists, environmental activists, nationalists, anarchists and anti-poverty campaigners.<sup>46</sup>

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<sup>44</sup> It is important to note that belonging to one of these groups does not necessarily mean that one is supportive of globalisation. A number of politicians have actively campaigned on an ‘anti-globalisation’ platform, for example Pauline Hanson, whose maiden speech in the Australian Parliament outlined her views on, amongst other things, the influence of global markets on government actions, see Hanson in House of Representatives, “Official Hansard,” *Parliament of Australia* (10 September 1996) <<http://www.aph.gov.au/hansard/rep/dailys/dr100996.pdf>> accessed 19 November 2007, pp. 3860-3863. Meanwhile, Joseph Stiglitz, who was Senior Vice-President and Chief Economist of the WTO has been a vocal critic of globalisation, see Joseph Stiglitz, “The Overselling of Globalization,” in *Globalization: What's New*, ed. Michael M. Weinstein (New York: Columbia University Press, 2005), pp. 228-261.

<sup>45</sup> For an overview of the contention surrounding the name of this movement, see Monbiot, *The Age of Consent*, p. 2 (fn).

<sup>46</sup> For an analysis of the divergent groups who were present at the protests outside the WTO meeting in Seattle in November 1999, see Margaret Levi and Gillian H. Murphy, “Coalitions of Contention: The Case of the WTO Protests in Seattle,” *Political Studies* 54 (2006), pp. 651-670.



Supporters consider globalisation to be a momentous historical event that will bring benefits to the world population. In contrast, critics, although agreeing that globalisation is significant, believe it is a process that will bring devastation to substantial segments of the global population, and should thus be resisted.

### **Supporters**

The discourse adopted by many of the supporters of globalisation suggests that it is an inevitable process which will ensure that the world will be free from poverty. Friedman, who believes that globalisation is generally a positive force, although he does acknowledge that it has its downsides, supports this position. In his analysis, Friedman describes the democratisation of technology, finance and information<sup>47</sup> It is these three processes that he believes have driven globalisation, which has replaced the Cold War as the most important international system through which to analyse change. To describe what this change has been, particularly in an economic sense, Friedman introduces two terms that are central to his argument: the 'Golden Straitjacket' and the 'Electronic Herd.'

The Golden Straitjacket is a set of rules or policies that an economy must adopt if it wishes to be part of the globalised economy. These rules include increasing the role of the private sector within the economy, removing restrictions on international trade and foreign investment, deregulating the domestic economy and eliminating corruption. If a nation straps on this straitjacket their economy will grow and their political sphere will shrink.<sup>48</sup> Once an economy dons the Golden Straitjacket, they encounter the Electronic Herd, which Friedman describes as

made up of all the faceless stock, bond and currency traders sitting behind computer screens all over the globe, moving their money around from

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<sup>47</sup> Friedman, *The Lexus and the Olive Tree*, pp. 46-47.

<sup>48</sup> Ibid., p. 105.

mutual funds to pension funds to emerging market funds, or trading on the Internet from their basements.<sup>49</sup>

When one looks closely at these terms one sees not only what Friedman views as globalisation, but free-market capitalism. Friedman admits this early in his book, “the driving idea behind globalization is free-market capitalism... Globalization means the spread of free-market capitalism to virtually every country in the world.”<sup>50</sup>

Not only does Friedman see globalisation as the spread of free-market capitalism, he also views it as a force that cannot be resisted without paying a huge price.<sup>51</sup> This belief that globalisation is unstoppable is central to many views of globalisation, and is also expressed by Ohmae; “so powerful are these effects that, once the genie of global information flow gets out of the bottle – and it is certainly out of the bottle now – there can be no turning back.”<sup>52</sup>

As an advocate of the benefits of globalisation, Ohmae not only believes that the process of globalisation is unstoppable, but that it should be encouraged by removing any impediments to the flow of the four “I’s”. According to Ohmae, without intervention by national governments, industry, investment, individuals and information will be able to flow to where they are needed, solving any problems that may arise.<sup>53</sup>

Ohmae’s strategy for taking advantage of the benefits that come from globalisation is for central governments to “to cede meaningful operational autonomy to the wealth-generating region states that lie within or across their

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<sup>49</sup> Ibid., p. 109.

<sup>50</sup> Ibid., p. 9.

<sup>51</sup> Ibid., p. 109.

<sup>52</sup> Ohmae, *The End of the Nation-State*, p. vii.

<sup>53</sup> Ibid., p. 4.

borders.”<sup>54</sup> Although Ohmae acknowledges that such an international system is bound to create new, unexpected problems, the question of what makes these regional states fundamentally different, and therefore more effective in a globalised world, than current nation-states, is not dealt with. The borders of nation-states are arbitrary lines, determined by war, treaty or geographical circumstances. Shifting these lines will not lead to major changes, unless, as Ohmae advocates, the role of the government in these regions is greatly reduced. Therefore, Ohmae does not necessarily advocate changing political borders, as much as he advocates a hands-off approach to governance in economically valuable regions. What happens to those people who do not have the good fortune to live in such regions is not discussed.

Other globalists question Ohmae’s thesis that the nation-state is disappearing. Giddens argues that they are not, “but their shape is being altered.”<sup>55</sup> This new state may not have all the powers that nation-states used to have, such as the ability to implement Keynesian economic policies, but globalisation has created new problems and possibilities. As Scholte summarises, globalisation “is not dissolving the state, but it has not left it untouched either.”<sup>56</sup>

Giddens’ work is a very good example of how the concept of globalisation has been important in both academic and political debates in the late twentieth century and early twenty-first century. He made one of the first major contributions to academic work on globalisation in 1990, with the

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<sup>54</sup> Ibid., p. 142.

<sup>55</sup> Anthony Giddens, *The Third Way: The Renewal of Social Democracy* (Cambridge: Polity Press, 1998), p. 31. Other authors who have supported the proposition that globalisation has changed the nation-state, but not caused it to disappear are Peter Evans, “The Eclipse of the State? Reflections on Stateness in an Era of Globalization,” *World Politics* 50, no. 1 (April 24, 2008), pp. 62-87; Ruth Lapidot, “Sovereignty in Transition,” *Journal of International Affairs* 45, no. 2 (1992), pp. 325-346; Martin Shaw, “The state of globalization: towards a theory of state transformation,” *Review of International Political Economy* 4, no. 3 (1997), pp. 497-513.

<sup>56</sup> Jan Aart Scholte, “The globalization of world politics,” in *The globalization of world politics: an introduction to international relations*, ed. John Baylis and Steve Smith (Oxford: Oxford University Press, 2001), p. 23.

publication of his book *The Consequences of Modernity*. Subsequently, he has devoted much of his research to how governments, and in particular social democratic governments, can respond to these changes. It is Giddens who provided much of the academic theory that supported “the Third Way,” as practiced by world leaders such as Bill Clinton and Tony Blair. Third Way politics operated as an alternative to the politics of the ‘left’ and ‘right’, aiming “to help citizens pilot their way through the major revolutions of our time: *globalization, transformations in personal life and our relationship to nature*.”<sup>57</sup> In this sense, third way politics welcomed globalisation and free trade, but acknowledged that it can be destructive, and should therefore be scrutinized. Friedman agrees that such a political philosophy should be followed, but describes it as “Integrationist Social-Safety-Nettism,” believing that the term ‘Third Way’ is incorrect, as there is only one way.<sup>58</sup>

Many supporters of globalisation point to the increased importance of foreign trade to domestic economies to confirm its growing influence on the world economy. This increase is often measured by looking at the growth of trade compared to production. It has been found that since 1945 trade has grown faster than production, and significantly that during the 1990s the production of merchandise only increased by 27 per cent, while the export of such goods increased by 80 per cent.<sup>59</sup>

Supporters also point to the positive effect that globalisation has in reducing poverty, an outcome that has been achieved at the same time as the increase in the level of world trade. In his essay on the changes to poverty and inequality during the era of globalisation, Dollar finds that economic growth in poor countries has accelerated and this is occurring at a higher rate than in richer countries. This means that the number of people defined as poor has

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<sup>57</sup> Giddens, *The Third Way*, p. 64 [Italics in original].

<sup>58</sup> Friedman, *The Lexus and the Olive Tree*, p. 44.

<sup>59</sup> Douglas A. Irwin, “Trade and Globalization,” in *Globalization: What's New*, ed. Michael M. Weinstein (New York: Columbia University Press, 2005), pp. 19-20.

declined significantly and inequality has diminished. According to Dollar, the reason for these improvements is the increased economic integration of countries, evidenced by the level of foreign trade, investment and immigration.<sup>60</sup>

As noted above, the issue of poverty has been linked to immigration; an increase in poverty can provide the impetus for people to migrate to a richer country and the financial possibilities that this may provide them. In one analysis of the nexus between poverty, migration and globalisation, Dollar and Kraay find that increased immigration of unskilled workers from developing countries to developed countries is beneficial to all involved. The workers gain financially by accessing a labour market with higher remuneration, the developed country gains by accessing a pool of cheaper labour, and the developing country gains from lower levels of unemployment and increased foreign currency as migrants sent remittances to their families who remain at home.<sup>61</sup>

Overall, supporters of globalisation view the process as bringing positive results in the long term. A number of these authors note that the immediate results of globalisation may not always be positive, but that if countries engage with the global economy, and implement the policies that Friedman describes as the 'golden straitjacket', they will receive the benefits. This is not to deny that some people, in both developing and developed countries, will suffer, but this is only a short-term effect of globalisation.

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<sup>60</sup> David Dollar, "Globalization, Poverty, and Inequality," in *Globalization: What's New*, ed. Michael M. Weinstein (New York: Columbia University Press, 2005), p. 97.

<sup>61</sup> David Dollar and Aart Kraay, "Spreading the Wealth," in *The Global Transformations Reader: An Introduction to the Globalization Debate*, ed. David Held and Anthony McGrew (Cambridge: Polity, 2003), p. 454.

## Opponents

The popular profile of globalisation's opponents grew immensely at the turn of the millennium. One of the primary reasons for this increase was the protests held outside the WTO's meetings in Seattle in November 1999. Although activists had previously protested against the activities of the WTO and the other international organisations seen as promoting globalisation, particularly 'corporate globalisation' these protests became the focus of the global media. DeLuca and Peebles describe how images of this protest were broadcast across the globe:

Images flashed worldwide—crowds of thousands clogging the commercial center of Seattle and stranding WTO delegates in the mass of humanity; sea turtles and hard hats linking arms and marching together; black-clad anarchists trashing the material manifestations of corporate global dominance: Starbucks, Nike Town, McDonald's; shaken government officials decrying the outbreak of participatory citizenship; black-booted sci-fi stormtroopers marching in goose step and restoring order via tear gas, rubber bullets, and concussion grenades.<sup>62</sup>

The high media profile of this protest led to media interest in subsequent protests in Washington, Quebec, Genoa and Melbourne against various international organisations including the G8 and the World Economic Forum.<sup>63</sup> It also increased the media profile of a number of globalisation's critics, most significantly George Monbiot and Naomi Klein.

As a critic, Monbiot does not believe globalisation is a beneficial process. Central to his concerns is the belief that globalisation is "designed and executed by a minority seeking to enhance its wealth and power." In doing so, it leads to the establishment of "a single, planetary class interest, as the

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<sup>62</sup> Kevin Michael DeLuca and Jennifer Peebles, "From Public Sphere to Public Screen: Democracy, Activism, and the 'Violence' of Seattle," *Critical Studies in Media Communication* 19, no. 2 (2002), p. 125.

<sup>63</sup> For information on these subsequent protests see Tom Bramble and John Minns, "Whose Streets? Our Streets! Activist Perspectives on the Australian Anti-capitalist movement," *Social Movement Studies* 4, no. 2 (2005), pp. 105-121; Neale, *You Are G8, We Are 6 Billion: The Truth Behind the Genoa Protests*; One Off Press, *On Fire: The battle of Genoa and the anti-capitalist movement* (London: One Off Press, 2001).

same forces and the same institutions threaten the welfare of the people of all nations.”<sup>64</sup>

Although Monbiot is pessimistic about globalisation as it is being implemented, he does believe “it has placed within our hands the weapons we require to overthrow the people who have engineered it and assert our common interest.”<sup>65</sup> This is reminiscent of Marx and Engel’s statement in *The Communist Manifesto* that the bourgeoisie has produced its own “grave-diggers.”<sup>66</sup> This belief that, although the current form of globalisation is threatening the welfare of people in all nations, it can be used to develop a society that reflects the common interest of all people, leads Monbiot to develop four projects in his own manifesto. These are: the formation of a democratically elected world parliament; the democratisation of the United Nations General Assembly; the formation of an International Clearing Union to manage debt; and the formation of a Fair Trade Organisation.<sup>67</sup> Monbiot believes the implementation of these four projects will nullify the downsides of globalisation.

Many people see the role of international organisations such as the WTO and IMF as central to globalisation, accounting for the focus given to them by Monbiot and the number of protests against them. In any discussion of this, the work of Joseph Stiglitz is important. Stiglitz was a Senior Vice President and Chief Economist at the World Bank from 1997 to 2000. However, upon leaving his position at the Bank, Stiglitz became a vocal critic of globalisation and in particular, the actions of the international organisations that previously employed him.

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<sup>64</sup> Monbiot, *The Age of Consent*, p. 9.

<sup>65</sup> Ibid.

<sup>66</sup> Karl Marx and Friedrich Engels, *The Communist Manifesto* [1848] (London: Penguin Books, 1985), p. 94.

<sup>67</sup> Monbiot, *The Age of Consent*, p. 4.

Stiglitz is not a critic of globalisation as a concept. Rather he is a critic of the policies and requirements that the WTO, IMF and World Bank, with the support of nations such as the United States of America, place on developing countries. The result of these policies is “rising poverty, a degraded environment, and destroyed indigenous culture” in these countries.<sup>68</sup>

In investigating the claims of supporters, Stiglitz acknowledges that many of the examples they use to demonstrate the positive results of globalisation, such as developments in a number of countries in East Asia, do exist. However, he disagrees about the reason for these successes, arguing that they are based on government-managed globalisation, rather than the ‘Washington Consensus’ advocated by international organisations and developed countries.<sup>69</sup> The reason globalisation does not benefit the citizens of developing countries is not that globalisation is good or bad, but rather, that the policies that make up the ‘Washington Consensus’ were developed in a system dominated by the IMF, World Bank and WTO, and in which “many of those affected by their decisions are left almost voiceless.”<sup>70</sup>

One of the most visible negative results of globalisation has been its impact on labour. From the perspective of many workers in developed countries, globalisation takes jobs overseas, leading to unemployment, particularly in lower-skilled occupations. The result of this job flight is that a number of corporations, particularly in the textile, clothing and footwear industries, have set up factories in, or outsourced production to businesses from, developing

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<sup>68</sup> Stiglitz, “The Overselling of Globalization,” p. 228.

<sup>69</sup> Ibid., p. 230. The ‘Washington Consensus’ is a suite of policies, such as the opening of developing countries to short-term capital flows and the privatisation of government services, that developing countries are required to implement in order to access assistance by international organisations such as the IMF and World Bank. It is similar to Friedman’s ‘Golden Straitjacket’. See John Williamson, “Democracy and the “Washington consensus”,” *World Development* 21, no. 8 (August 1993), pp. 1329-1336.

<sup>70</sup> Joseph Stiglitz, “The Promise of Global Institutions,” in *The Global Transformations Reader: An Introduction to the Globalization Debate*, ed. David Held and Anthony McGrew (Cambridge: Polity, 2003), pp. 480-481.



countries. This outsourcing often means the exploitation of workers, in particular women and children working in sweatshops for very low wages and under appalling working conditions.<sup>71</sup>

In *No Logo*, Naomi Klein extensively outlines the results of this outsourcing. Released just prior to the protests in Seattle in 1999, *No Logo* was described by one journalist at the time as “the Das Kapital of the growing anti-corporate movement.”<sup>72</sup> Using the example of American corporations such as Nike and Adidas operating in China, Klein outlines that in 1998 some workers in China were paid as little as thirteen cents per hour, while equivalent workers in the US and Germany were paid \$10 and \$18.50 per hour respectively. It is therefore easy to see the increase in profits that a move to China would give a corporation previously operating in the US or Germany. However, it is to be expected that wages in China would be significantly less than in the US and Germany, but it is significant that the living wage in China was determined to be 87 cents per hour, almost seven times the wage paid to those workers employed to manufacture Nike and Adidas apparel.<sup>73</sup>

As with other issues relating to globalisation, opponents have also analysed its impact on immigration. One opponent of globalisation, who has analysed the effect it has had on immigration, and in particular labour migration, is Rosewarne. He notes that “rather than freeing people, globalization has engendered a milieu in which new forms of institutionalized racism and bureaucratic abuse have emerged to demarcate the peoples of the world.”<sup>74</sup> In

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<sup>71</sup> Kate Raworth, *Trading Away Our Rights: Women working in global supply chains* (Oxford: Oxfam International, 2004) <[http://www.oxfam.org/en/files/report\\_042008\\_labor.pdf](http://www.oxfam.org/en/files/report_042008_labor.pdf)> accessed 29 April 2008.

<sup>72</sup> Nick Cohen, “Without Prejudice,” *The Observer*, April 23, 2000, p. 31.

<sup>73</sup> Naomi Klein, *No Logo* (London: Flamingo, 2001), p. 234.

<sup>74</sup> Rosewarne, “Globalization, Migration, and Labor Market Formation - Labor's Challenge?,” p. 73.

turn, Rosewarne finds that globalisation leads to violations of both human and labour rights.<sup>75</sup>

Given the numerous issues that are seen as being the result of globalisation, it is not surprising that many have opposed the process. Criticism often focuses on the working conditions of labour in developing countries and changes to labour markets in developed countries. Many do not oppose the concept itself and actually view a more globalised world as a positive outcome. However, they disagree with the current version of globalisation, and in particular, the unequal power the system provides for developed countries, especially the United States, and international organisations such as the G8, WTO, IMF and World Bank.

### **Sceptics**

As can be seen from the summary above, supporters and opponents of globalisation disagree on a number of issues, in particular the ability of globalisation to deliver a better life for all people. However, there is one fact that all of these writers, whether they are supporters or opponents, agree: globalisation marks a new and historically significant change. In this sense, they are all globalists. As Friedman notes, “I am a ‘globalist’... I believe that this new system of globalization – in which walls between countries, markets and disciplines are increasingly being blown away – constitutes a fundamentally new state of affairs.”<sup>76</sup>

Although significant in its own sense, this debate between supporters and opponents is part of a wider dispute over globalisation, which Held and McGrew characterise as being between globalists and sceptics.<sup>77</sup> As opposed to globalists, such as Friedman, sceptics “conceive it [globalization] as a

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<sup>75</sup> Ibid., p. 83.

<sup>76</sup> Friedman, *The Lexus and the Olive Tree*, p. 23.

<sup>77</sup> Held and McGrew, “The Great Globalization Debate: An Introduction,” pp. 4-5.

primarily ideological or mythological construction which has marginal explanatory value.”<sup>78</sup> Most sceptics agree society and the economy have changed, but for them it “is *not* about the *reality* of change; it is about the nature and significance of the changes under way as well as the driving forces behind them.”<sup>79</sup> Similarly, Hay and Watson argue that the debate over globalisation should “instead [be] refocused to consider the *essence* rather than the extent of globalisation – its quality rather than its quantity.”<sup>80</sup>

Held and McGrew argue that the sceptical position can be characterised as the belief that the globalist’s oversell globalisation’s importance in three ways: “as a sense of social reality, as an explanation of social change and as an ideology of social progress.”<sup>81</sup> Although a number of people have presented a sceptical analysis of globalisation,<sup>82</sup> it is best examined through the work of Rosenberg, and Hirst and Thompson.

Rosenberg outlines his position in *Globalization Theory: A Post-Mortem*, questioning the explanatory power of the term globalisation, and challenging

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<sup>78</sup> Ibid., p. 2.

<sup>79</sup> Linda Weiss, “Globalization and national governance: antinomy or interdependence?,” *Review of International Studies* 25, no. 5 (1999), p. 59 [Emphasis in original].

<sup>80</sup> Colin Hay and Matthew Watson, “Globalisation: ‘Sceptical’ Notes on the 1999 Reith Lectures,” *The Political Quarterly* 70, no. 4 (October 1999), p. 418.

<sup>81</sup> David Held and Anthony G. McGrew, *Globalization/Anti-Globalization: Beyond the Great Divide*, Second edition. (Cambridge: Polity Press, 2007), p. 7.

<sup>82</sup> Colin Hay, “Globalisation as a Problem of Political Analysis: Restoring Agents to a ‘Process without a Subject’ and Politics to a Logic of Economic Compulsion,” *Cambridge Review of International Affairs* 15, no. 3 (2002), pp. 379-392; Hay and Watson, “Globalisation: ‘Sceptical’ Notes on the 1999 Reith Lectures”; Matthew Watson and Colin Hay, “The discourse of globalisation and the logic of no alternative: rendering the contingent necessary in the political economy of New Labour,” *Policy & Politics* 31, no. 3 (2003), pp. 289-305; Linda Weiss, *The Myth of the Powerless State: Governing the Economy in a Global Era* (Cambridge: Polity Press, 1998); Weiss, “Globalization and national governance: antinomy or interdependence?”; Tom Conley, “The Domestic Politics of Globalisation,” *Australian Journal of Political Science* 36, no. 2 (2001), pp. 223-246; Tom Conley, “Globalisation as Constraint and Opportunity: Reconceptualising Policy Capacity in Australia,” *Global Society* 16, no. 4 (2002), pp. 377-399; Tom Conley, “Globalisation and the Politics of Persuasion and Coercion,” *Australian Journal of Social Issues* 39, no. 2 (2004), pp. 183-200; Frances Fox Piven, “Is It Global Economics or Neo-Laissez-Faire?,” *New Left Review*, no. 213 (October 1995), pp. 107-113.

the globalist argument that a new type of human society emerged in the late twentieth century.<sup>83</sup> This article provoked significant debate over the meaning of the term and its usefulness in explaining recent social changes, and has continued to be an important touchstone in the globalisation debate.<sup>84</sup>

The question of the explanatory power of globalisation is essentially an intellectual argument over definition. Characterising the globalist argument, Rosenberg notes that globalisation, “it was therefore argued, also brought with it the need for a new, post-classical social theory, in which the categories of space and time would receive the central explanatory role which they had always deserved.”<sup>85</sup> It is the belief that globalisation itself is a social theory, what Rosenberg describes as Globalisation Theory, that he critiques in three steps.

Firstly, Rosenberg outlines how, at a basic level, globalisation describes the process of becoming worldwide. As a term that only describes a process, globalisation does not indicate any specific kind of society and is therefore not a useful social theory.<sup>86</sup>

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<sup>83</sup> Justin Rosenberg, “Globalization Theory: A Post Mortem,” *International Politics* 42, no. 1 (2005), pp. 2-74.

<sup>84</sup> Alex Callinicos, “Epoch and Conjuncture in Marxist Political Economy,” *International Politics* 42, no. 3 (2005), pp. 353-363; Andrew Gamble, “Globalization: Getting the ‘Big Picture’ Right, A Comment on Justin Rosenberg,” *International Politics* 42, no. 3 (2005), pp. 364-371; John M. Hobson, “Deconstructing Rosenberg’s ‘Contribution to the Critique of Global Political Economy’: A (re)view from a non-Eurocentric bridge of the world,” *International Politics* 42, no. 3 (2005), pp. 372-380; George Lawson, “Rosenberg’s Ode to Bauer, Kinkel and Willich,” *International Politics* 42, no. 3 (2005), pp. 381-389; Jan Aart Scholte, “Premature Obituaries: A Response to Justin Rosenberg,” *International Politics* 42, no. 3 (2005), pp. 390-399; Mathias Albert, “‘Globalization Theory’: Yesterday’s Fad or More Lively than Ever?,” *International Political Sociology* 1, no. 2 (June 2007), pp. 165-182; Martin Coward, “International Relations in the Post-Globalisation Era,” *Politics* 26, no. 1 (February 2006), pp. 54-61; Jonathan Joseph, “Globalization and Governmentality,” *International Politics* 43 (2006), pp. 402-418; Justin Rosenberg, “International Relations - The ‘Higher Bullshit’: A Reply to the Globalization Theory Debate,” *International Politics* 44 (2007), pp. 450-482.

<sup>85</sup> Rosenberg, “Globalization Theory,” p. 4.

<sup>86</sup> *Ibid.*, pp. 11-12.

Rosenberg then goes on to make a clear distinction between a theory of globalisation and Globalisation Theory. In the first case, globalisation “must — consciously or otherwise — incorporate a social theory drawn from elsewhere, of what is being ‘globalized’, why, and with what effect.” In the second case, “it must — again, consciously or otherwise — claim that the necessary social theory can after all be derived within the term.”<sup>87</sup>

Recalling the work of Hempel and Oppenheim, Rosenberg introduces two constituents of an explanation: the explanandum and the explanans.<sup>88</sup> An explanandum is a description of the phenomenon in question, while an explanans is the reason for the phenomenon. It is Rosenberg’s contention that instead of globalisation being seen as an explanandum (as it would be if it were a theory of globalisation), a significant number of authors view globalisation as an explanans (or Globalisation Theory).<sup>89</sup> Rosenberg is therefore arguing that while it is valid to use the concept of globalisation to describe a process whereby society or the economy becomes more globalised (if this is in fact the case), it is not valid to use the concept to explain why this is happening.

Such a critique strikes at the core of Hugo’s contention that globalisation represents a new paradigm through which to analyse international migration.<sup>90</sup> For Hugo, it is not just that international migration has become globalised, but that globalisation is the reason for this change. In other words, he uses globalisation as an explanans, rather than just an explanandum.

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<sup>87</sup> Ibid., p. 12.

<sup>88</sup> Carl J. Hempel and Paul Oppenheim, “Studies in the Logic of Explanation,” *Philosophy of Science* 15, no. 2 (1948), pp. 135-175.

<sup>89</sup> Rosenberg, “Globalization Theory,” p. 12.

<sup>90</sup> Graeme Hugo, “Globalization and Changes in Australian International Migration,” *Journal of Population Research* 23, no. 2 (2006), p. 107.

Rosenberg's last step is to recognise that space and time are important in all social theories, but it is highly questionable that space and time can form the starting point for explanations of social change.

In summary, Rosenberg argues that "the enormous subjective plausibility of the idea was never matched by an equivalent theoretical potential for orienting coherent social analysis."<sup>91</sup> In his support of Rosenberg's general position, Joseph believes that "globalization theory should be understood as an ideology in that it represents a body of ideas that reinforces rather than explains dominant social practices."<sup>92</sup>

Having argued that on a philosophical level globalisation is not constructive in social analysis, Rosenberg proceeds to examine whether the results of what globalists view as globalisation are in fact the result of a new social force. To do this, he argues that Marx's analysis of capitalism identifies organic tendencies, and notes that Marx refers to the "universalizing tendency of capital" and "the annihilation of space by time".<sup>93</sup> Therefore, within Marx's analysis of capitalism is an explanation of the deepening and widening of transnational relations. It also explains why relations of production extend across political borders while not diminishing the sovereignty of states.

Next, Rosenberg undertakes a Marxist conjunctural analysis of globalisation. Through this, Rosenberg examines how a confluence of important historical events, such as the operation of the Bretton-Woods system, the Cold War, decolonisation, 'Thatcherism' and 'Reaganism', and the collapse of the Soviet Union resulted in the outcomes that globalists contend represent

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<sup>91</sup> Rosenberg, "Globalization Theory," p. 15.

<sup>92</sup> Joseph, "Globalization and Governmentality," p. 414.

<sup>93</sup> Marx in Rosenberg, "Globalization Theory," pp. 21-22.

globalisation. This confirms Rosenberg's earlier contention that globalisation "had no momentum of its own."<sup>94</sup>

In his critique of Rosenberg's article, Lawson admits that globalisation should be viewed as a "zeitgeist sham." However, Lawson notes that globalisation is not dead and there is therefore no need for a post-mortem. In fact, Lawson argues that globalisation has been "normalized, commodified and naturalized," leading him to wonder how much Rosenberg's analysis really matters.<sup>95</sup> Lawson is correct to question the value of Rosenberg's findings, as globalisation has become widely accepted. As outlined above, it is used by journalists, academics and politicians to explain changes in society, the economy and culture. Although this is true, it is precisely for this reason that Rosenberg's critique is so important. Government policies, such as the 457 visa program, have been implemented partly in response to the changes that globalisation is expected to produce. If it is found not to be a valid theory through which to examine changes to society, then it does not only have repercussions within academic literature, but also for governments that use globalisation as a rationale for the introduction of policies.

While much of Rosenberg's critique of Globalisation Theory was from a theoretical outlook, Hirst and Thompson examine globalist claims from a much more empirical perspective. In their argument against what they characterise as the 'strong' version of the thesis of economic globalisation, Hirst and Thompson establish a framework for analysis based on five points. Firstly, they contend that the present highly internationalised economy is not unprecedented, and further, the current economy is actually *less* open than before. Secondly, while Hirst and Thompson agree that there are many *multinational* companies, there are few *transnational* companies, which are companies disembodied from any national base, and which should form a

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<sup>94</sup> Ibid., p. 65.

<sup>95</sup> Lawson, "Rosenberg's Ode to Bauer, Kinkel and Willich," p. 387.

substantial part of a globalised economy. Thirdly, there has not been a massive shift of investment and employment from developed to developing countries. Fourthly, rather than a globalised economy, the world's economy is concentrated in the triad of Europe, Japan and North America. Lastly, and related to the fourth point, the Governments of the triad are able to exert powerful pressure on international financial markets and other economic institutions, which means that it is possible to regulate and control the international economy.<sup>96</sup> This analysis has become so important, that one author has described them as "the acknowledged high priests" of globalisation sceptics.<sup>97</sup>

Central to Hirst and Thompson's argument is the distinction between an internationalised world economy and a globalised world economy. The former is one in which the main actors continue to be national economies or tied to a particular national territory, and whose actions may be increasingly integrated, but that "impacts are refracted through essentially national frameworks, policies and processes." On the other hand, a globalised world economy exists above the national economies "stamping them with a particular character and form."<sup>98</sup> Hirst and Thompson's conclusion is that the world economy is international rather than globalised. Further, this is not new; an international economy has existed since the nineteenth century.<sup>99</sup>

Examining the work of the sceptics, it can be seen that there are serious issues that go to the core of the concept of globalisation, from both a theoretical and empirical perspective. However, although these issues have

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<sup>96</sup> Paul Hirst and Grahame Thompson, "Globalization - A Necessary Myth?," in *The Global Transformations Reader: An Introduction to the Globalization Debate*, ed. David Held and Anthony McGrew (Cambridge: Polity, 2003), pp. 98-99.

<sup>97</sup> Peter Dicken, "Geographers and 'Globalization': (Yet) Another Missed Boat?," *Transactions of the Institute of British Geographers* 29, no. 1 (March 2004), p. 8.

<sup>98</sup> Grahame Thompson, "Introduction - situating globalization," *International Social Science Journal* 51, no. 160 (1999), p. 140.

<sup>99</sup> Hirst and Thompson, "Globalization - A Necessary Myth?," p. 105.



been identified, the concept of globalisation has continued to be central to many debates within the social sciences, and to be used by politicians and business leaders to justify many of their decisions. Hirst and Thompson note the importance of this continued use of the concept of globalisation and describe it as a myth that decrees that global markets are dominant and any action to challenge the wishes of this market is futile.<sup>100</sup> In an attempt to suppress any anger over policy decisions, leaders repeat the claim that there is nothing that anybody or any country can do to prevent or reverse the process of globalisation.<sup>101</sup>

This argument is taken up by Hay, who argues that “the term globalisation as used in most popular and academic debate is an obfuscation, and a potentially dangerous one at that.”<sup>102</sup> Hay agrees with Hirst and Thompson that globalisation is presented as an inevitable process that must be accepted, but also that the “end-state” described by globalisation is “never fully realised yet [is] always in the process of being realised.”<sup>103</sup> Globalisation is therefore not only an unavoidable process, but also one that will never be completed. To demonstrate how globalisation has been applied by politicians, Watson and Hay examine the use of what they describe as “a crude, ‘business school’ globalisation” by the British Labour Party to explain its policy decisions. Central to the party’s rhetoric was the claim that there was no alternative to their proposed changes.<sup>104</sup> With the common perception being that globalisation is an unstoppable force that governs the policies and practices of all governments, opponents are left with few options but to support those policies and practices proposed by the Government. Not to do so would be

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<sup>100</sup> Hirst and Thompson, *Globalization in Question*, p. 6.

<sup>101</sup> For example, see John Howard, “Transcript of Address at the Invest Australia Dinner Aboard the Incat, Darling Harbour, Sydney,” *Prime Minister* (24 September 2000) <<http://pandora.nla.gov.au/nph-arch/2000/Z2000-Nov-9/http://www.pm.gov.au/news/speeches/2000/speech459.htm>> accessed 5 January 2010.

<sup>102</sup> Hay, “Globalisation as a Problem of Political Analysis,” p. 388.

<sup>103</sup> Ibid.

<sup>104</sup> Watson and Hay, “The discourse of globalisation and the logic of no alternative.”

to tempt the wrath of the Electronic Herd, and lead to portrayals as the “noisy minority” who hold “misguided and ill informed views.”<sup>105</sup> The breadth of debate can therefore be restricted by invoking globalisation as a justification for any decision. It is for this reason that an analysis of policy debates should be based on globalisation as it generally defined, rather than the more strict definition offered by such authors as Scholte. Politicians and capitalists use this ‘popular’ definition of globalisation to justify policies, and if it is invalid, then the justifications for many of these policies may be unfounded.<sup>106</sup>

Although sceptics believe globalists overstate the role of globalisation, they do not believe that the issues they raise are unimportant. It is just that globalisation is not a suitable concept through which to analyse them. As Rosenberg foreshadows in his analysis, a number of sceptics use a Marxist analysis to examine the same issues.<sup>107</sup> Many point to *The Communist Manifesto* as an example of Marx and Engel’s understanding of what is now seen as globalisation. In their description of the development of the bourgeoisie, Marx and Engels outline a facet of capitalism that describes the rise of globalisation:

The need for a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connexions everywhere.<sup>108</sup>

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<sup>105</sup> John Howard, “Transcript - Address at World Economic Forum, Melbourne, Victoria,” *Prime Minister* (11 September 2000) <<http://pandora.nla.gov.au/pan/10052/20080118-1528/pm.gov.au/media/Speech/2000/speech440.html>> accessed 24 February 2010.

<sup>106</sup> For an analysis of how government’s invoke globalisation as a rationale for the implementation of policies see Conley, “The Domestic Politics of Globalisation”; Conley, “Globalisation as Constraint and Opportunity”; Conley, “Globalisation and the Politics of Persuasion and Coercion.”

<sup>107</sup> Andrew Howard, “Global Capital and Labor Internationalism in Comparative Historical Perspective: A Marxist Analysis,” *Sociological Inquiry* 65, no. 3 (1995), pp. 365-394; Paul Le Blanc, *Marx, Lenin, and the Revolutionary Experience: Studies of Communism and Radicalism in the Age of Globalization* (New York and London: Routledge, 2006); David Renton, *Marx on Globalization* (London: Lawrence and Wishart Limited, 2001).

<sup>108</sup> Marx and Engels, *The Communist Manifesto* [1848], p. 83.

The expansion of the capitalist market to all corners of the globe was seen by Marx and Engels as a central aspect of capitalism. In turn, this leads to the destruction of 'national' industries and to the international trade of products and raw materials.<sup>109</sup> These excerpts from *The Communist Manifesto* show that Marx and Engels observed the expansionist nature of capitalism almost 150 years before globalisation became the buzzword of the social sciences. This is why some sceptics point to the work of Marx and Engels as demonstrating that changes purportedly caused by globalisation are the result of capitalism.

As would be expected, those writers influenced by Marx continue to see capitalism as a process that operates beyond the borders of nation-states, with Lenin describing the transformation of capitalism into imperialism. Lenin states in the preface to the French and German editions of *Imperialism: The Highest Stage of Capitalism*,

Capitalism has grown into a world system of colonial oppression and of the financial strangulation of the overwhelming majority of the people of the world by a handful of 'advanced' countries.<sup>110</sup>

It has been pointed out a number of times that Lenin's work on imperialism owes a great deal to that of Bukharin.<sup>111</sup> In his *Imperialism and the World Economy*, Bukharin defines the world economy as "a system of production relations and, correspondingly, of exchange relations on a world scale."<sup>112</sup> As with the work of Marx and Lenin, Bukharin's examination of the world economy can be used to explain the changes that are said to have been the result of globalisation. Further, at the core of his theory on imperialism is the

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<sup>109</sup> Ibid., p. 84.

<sup>110</sup> V.I. Lenin, *Imperialism: The Highest Stage of Capitalism, A Popular Outline* (New York: International Publishers, 1974), pp. 10-11.

<sup>111</sup> Anthony Brewer, *Marxist Theories of Imperialism: A Critical Survey*, 2nd ed. (London; New York: Routledge, 1990), p. 109; Stephen F. Cohen, "Bukharin, Lenin and the Theoretical Foundations of Bolshevism," *Soviet Studies* 21, no. 4 (April 1970), pp. 437-438.

<sup>112</sup> Nikolai Bukharin, *Imperialism and World Economy* (New York: Howard Fertig, 1966), pp. 25-26.

belief that it leads to both the internationalisation of capital and its nationalisation.<sup>113</sup> This is very reminiscent of Giddens' writings on globalisation, as well as those authors who have coined the term 'glocalisation' to describe the global and local implications of the process.<sup>114</sup>

However, it is not only those writers who profess a debt to Marx that acknowledge his insights. As Engels states in the preface to the 1890 version of the German edition of *The Communist Manifesto*, the work was "acknowledged even by Bakunin and the Anarchists."<sup>115</sup> Given the acrimony that existed between Marx and Bakunin, acknowledgement of Marx's analysis demonstrates its acceptance by many socialists. Bakunin not only acknowledged Marx's work on economics, but also went on to note the expansionist nature of capitalism himself in *Statism and Anarchism*,

Capitalist production and banking speculation, which in the long run swallows up this production, must ceaselessly expand at the expense of the smaller speculative and productive enterprises devoured by them; they must become the sole monopolies, universal and world-embracing.<sup>116</sup>

The importance of anarchism, of whom Bakunin is one of the first and most influential writers, in the debate on globalisation has been noted by Monbiot; "Anarchism ... presents the most consistent – and within the global justice movement the most popular – challenge to the world order this manifesto invokes."<sup>117</sup> Other authors also note the importance of anarchism to the 'anti-globalisation' movement, observing that the philosophy of activists is

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<sup>113</sup> Claudio Katz, "The Manifesto and Globalization," trans. Carlos Perez, *Latin American Perspectives* 28, no. 6 (November 2001), p. 7.

<sup>114</sup> Roland Robertson, "Glocalization: Time-Space and Homogeneity-Heterogeneity," in *Global modernities*, ed. Mike Featherstone, Scott Lash, and Roland Robertson (London: Sage, 1997), pp. 25-44; Victor Roudometof, "Transnationalism, Cosmopolitanism and Glocalization," *Current Sociology* 53, no. 1 (2005), pp. 113-135.

<sup>115</sup> Marx and Engels, *The Communist Manifesto* [1848], p. 69.

<sup>116</sup> G.P. Maximoff, ed., *The Political Philosophy of Bakunin: Scientific Anarchism* (Glencoe, Illinois: The Free Press, 1953), p. 182.

<sup>117</sup> Monbiot, *The Age of Consent*, p. 31.

“anarchist sensibility [rather] than as anarchism per se.”<sup>118</sup> As can be seen from any analysis of the protestors present at the major meetings of the WTO, G8, World Bank and IMF, many identify with anti-capitalist sentiments. Whether they are communists, socialists or anarchists, many ‘anti-globalisation’ protestors are in many ways sceptics, as they have recognised that it is not globalisation that is causing the problems, but rather capitalism.

However, to assume that all sceptics come from such groups is incorrect. Former Australian Prime Minister, Malcolm Fraser has written that many of the statements of globalists are exaggerations. Fraser notes that factors often seen as causing globalisation are not new and that “there is no new phenomenon beyond the comprehension or ultimate control of governments.”<sup>119</sup>

Overall, the sceptical perspective on globalisation posits that far from being an *explanation* for recent changes, globalisation *describes* processes that have been occurring for a much longer time. The result is a myth that prevents a detailed analysis of events, which would be much better examined by acknowledging the central role that capitalism continues to have in society.

## **A Sceptical Analysis of Globalised Migration**

As with other groups within the debate over globalisation, sceptics occasionally look at globalisation’s role in immigration. Favell does this by reviewing the work of a number of authors who analyse immigration and globalisation, in particular Urry and Papastergiadis. Acknowledging the close relationship between the two issues, Favell notes,

International migration –with its well-rehearsed themes of growth in flows and visibility, of their unprecedented diversity and heterogeneity, and of the

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<sup>118</sup> Barbara Epstein, “Anarchism and the anti-globalization movement,” *Monthly Review* 53, no. 4 (2001), p. 1. Also see David Graeber, “The New Anarchists,” *New Left Review* 13 (2002), pp. 61-73.

<sup>119</sup> Malcolm Fraser, “Governments are still in control,” *The Australian*, 26 March 1997, p. 13.

dramatic social change brought to western societies and hitherto stable nation states – is a central motif and illustration for theorists of globalization.<sup>120</sup>

Favell criticises such sociologists by noting that they have ignored the use of empirical evidence to support their findings. Summarising the work of other sceptics, Favell restates how migration was actually more extensive in the late nineteenth century than in the late twentieth and early twenty-first century.<sup>121</sup>

As part of their empirical analysis of the claims of globalists, Hirst and Thompson examine the claim that barriers to the movement of people across borders are now lower. They find that voluntary international migration was higher between 1815 and 1915 than at any other time in recorded history.<sup>122</sup> Bukharin also discusses migration in this period, acknowledging the existence of temporary and seasonal labour migrants from Italy, Russia and Poland. He describes how “these ebbs and flows of labour power already form one of the phenomena of the world labour market.”<sup>123</sup>

Nevertheless, globalisation is still viewed as a driving factor behind changes in international migration.<sup>124</sup> This is best summed up by Castles who states, “international migration is an essential part of globalization.”<sup>125</sup> In particular,

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<sup>120</sup> Adrian Favell, “Migration, mobility and globaloney: metaphors and rhetoric in the sociology of globalization,” *Global Networks* 1, no. 4 (2001), p. 389.

<sup>121</sup> *Ibid.*, p. 394.

<sup>122</sup> Hirst and Thompson, *Globalization in Question*, pp. 22-26.

<sup>123</sup> Bukharin, *Imperialism and World Economy*, p. 40.

<sup>124</sup> Castles, “Migration and Community Formation under Conditions of Globalization”; Jock Collins, “Globalisation, Immigration and the Second Long Post-War Boom in Australia,” *Journal of Australian Political Economy* 61 (2008), pp. 244-266; Hugo, “Globalization and Changes in Australian International Migration”; Philip Martin, *Migrants in the global labor market* (Global Commission on International Migration, September 2005) <<http://www.gcim.org/attachements/TP1.pdf>> accessed 10 May 2007; Richard Staring, “Flows of People: Globalization, Migration, and Transnational Communities,” in *The Ends of Globalization: Bringing Society Back In*, ed. Don Kalb et al. (Lanham: Rowman and Littlefield, 2000), pp. 203-215.

<sup>125</sup> Castles, “Globalization and migration: some pressing contradictions,” p. 181.

a perceived increase in the popularity of temporary labour migration is seen as a result of globalisation.<sup>126</sup>

By linking globalisation to the introduction of the 457 visa, Hugo and others do not question the existence of the process, but rather assume it.<sup>127</sup> Considering the questions that sceptics raise, this assumption may be premature. To analyse the effect of globalisation on immigration and the operation of the 457 visa in particular, one must determine which factors are seen as representing globalisation. As noted above, in their investigation into the globalisation of the world economy, Hirst and Thompson determine that globalists are incorrect in their assertions of the existence of globalisation on the basis of five criteria.<sup>128</sup> Inspired by this investigation, this thesis analyses whether the 457 visa is a response to globalisation by examining how the program compares to five aspects of globalisation that arise from the definition provided above: its unprecedented nature; its relationship to a global labour market; the decline in the importance of the nation; the diminishing power of the state; and the increased power of businesses.

An analysis based on these five factors aims to determine whether claims that the 457 visa is a response to globalisation are supported by empirical evidence

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<sup>126</sup> Castles, *Ethnicity and Globalization: From Migrant Worker to Transnational Citizen*, pp. 107-108.

<sup>127</sup> Hugo, "Globalization and Changes in Australian International Migration"; Bob Birrell and Ernest Healy, "Globalisation and Temporary Entry," *People and Place* 5, no. 4 (1997), pp. 43-52; Chris Evans, "Sustaining the boom - the role of skilled migration in the WA economy," *Minister for Immigration and Citizenship* (17 June 2008) <<http://www.minister.immi.gov.au/media/speeches/2008/ce080717.htm>> accessed 13 August 2008; Siew-Ean Khoo et al., "Temporary Skilled Migration to Australia: the 457 Visa Sub-Class," *People and Place* 11, no. 4 (2003), pp. 27-30; Phillip Ruddock, "Streamlined Temporary Business Entry Approved," *Minister for Immigration and Multicultural and Indigenous Affairs* (5 June 1996) <<http://pandora.nla.gov.au/pan/67564/20070202-0000/www.minister.immi.gov.au/media/media-releases/1996/r96021.html>> accessed 22 February 2010; Committee of Inquiry into the Temporary Entry of Business People and Highly Skilled Specialists, *Business Temporary Entry: Future Directions* (Canberra, 1995), p. 84.

<sup>128</sup> Hirst and Thompson, *Globalization in Question*, pp. 2-3.

or whether Favell is correct to note that many of such claims are unsupported.

## **Conclusion**

Globalisation has been one of the most widely used concepts in the social sciences since the early 1990s. Although there has been much debate over the precise definition of globalisation, most authors agree that a globalised world involves an increase in linkages and flows across national borders. This includes the increased flow of products, capital and labour, in the sense of international migration.

A major debate has developed in the public domain as to the benefits and costs of globalisation. Authors such as Friedman and Ohmae outline the positive outcomes they see flowing from a globalised world and advocate the dismantling of national borders, to allow the continued globalisation of national economies and societies. Opposed to these writers are those who see poverty and inequality as the result of globalisation, and point to conditions in many developing countries to demonstrate that it must be resisted.

One group of writers who disagree with the views of both supporters and critics of globalisation are those labelled sceptics. They believe that globalisation is a myth with little explanatory value. Writers such as Rosenberg, Hirst and Thompson demonstrate how globalisation, as advocated by the hyper-globalists such as Ohmae, does not exist. Rosenberg goes further, questioning whether the term globalisation is actually able to explain why something is happening, not just describe it.

Many of these sceptics refer to data that shows that the world was in fact much more globalised in the late nineteenth century. Given the apparent longer-term history of a globalised economy, they use the writings of a number of social scientists from earlier periods to show that the concept of a world where national borders are becoming less important is one that has



existed for at least 150 years. One of the writers most often referred to is Karl Marx, who referred to the need for capitalism to expand and finally reach all corners of the world.

If sceptics are correct in their assertion that globalisation has little explanatory value and that globalists overstate its significance, those who simply state that it is the reason for the introduction of policies such as the 457 visa have disregarded a very important question. To understand the reasons for the development, implementation and operation of the program, the empirical evidence underlying claims of globalisation's role needs to be examined and critiqued.

## Chapter Three: Is the 457 visa unprecedented?

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As outlined in the previous chapter, there has been some debate amongst globalists as to when globalisation began. Some place its inception in the aftermath of the Second World War, while others look to the end of the Cold War.<sup>1</sup> However, they do agree that the integration of the current global economy is unseen before in world history. This agreement on the unprecedented nature of globalisation means globalists believe that those events or policies said to be caused by this process are themselves new. In other words, if the 457 visa program is a response to globalisation, then one would expect that it is itself unparalleled in world history. However, for some globalists it is not just the unprecedented nature of these changes that is important, but that globalisation represents a new paradigm through which to analyse society.<sup>2</sup>

By stating that there is a link between it and globalisation, commentators implicitly assert that there is something fundamentally new about the 457 visa program. Hugo is more explicit. While asserting that the visa is a direct response to globalisation, he goes further by arguing that it is the result of a “paradigmatic shift” in international migration that occurred in the early 1990s. This paradigmatic shift was the rise of globalisation.<sup>3</sup> The fundamental change that Hugo discusses was the shift away from the previously dominant role of permanent migration towards temporary labour migration.<sup>4</sup> This has

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<sup>1</sup> Lipshutz, “Constituting Political Economy: Globalization, Citizenship, and Human Rights,” p. 39; Friedman, *The Lexus and the Olive Tree*, pp. 7-13.

<sup>2</sup> Jan Aart Scholte, “Globalisation: Prospects for a Paradigm Shift,” in *Politics and globalisation: knowledge, ethics and agency*, ed. Martin Shaw (London: Routledge, 1999), pp. 9-22; Appadurai in Colin Sparks, “What’s wrong with globalization?,” *Global Media and Communication* 3, no. 2 (2007), p. 136.

<sup>3</sup> Graeme Hugo, “Globalization and Changes in Australian International Migration,” *Journal of Population Research* 23, no. 2 (2006), p. 107.

<sup>4</sup> Ibid., pp. 107-108. Also see Graeme Hugo, “Temporary Migration and the Labour Market in Australia,” *Australian Geographer* 37, no. 2 (2006), p. 211.

also been observed in the United States, and is seen as reflecting the growing importance of a global labour market (an issue discussed further in the next chapter).<sup>5</sup>

Although Hugo is explicit in his assertion that the 457 visa represents a fundamental change in the nature of international migration, any author who regards globalisation (seen as a phenomenon of the last few decades) as the reason for its introduction must also believe this. By referring to this link, analysts and politicians are suggesting that there must be significant differences between labour migration now and in previous periods. This chapter examines this assertion by comparing the 457 visa with previous examples of the temporary migration of workers, in particular the migration of *kanakas*, *braceros* and *gastarbeiters*. The importation of *kanakas* to Queensland in the nineteenth century was part of a worldwide move towards indentured labour migration. The *Bracero* and *Gastarbeiter* programs, in the United States and Germany respectively, are two of the most famous guest worker programs.

Given the importance Hugo places on the temporary nature of migration, the first step in analysing the similarities and differences between these programs is to examine the role of the government in ensuring that this migration is temporary. One also needs to consider the number of migrants entering countries on a temporary basis compared to those migrating permanently in each of these periods.

All four of these programs focus on labour migration. An important characteristic to consider is therefore the type of jobs being undertaken by migrant workers. This chapter examines their skill levels and the types of jobs they are employed to do. Again, the intention of the analysis is to determine

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<sup>5</sup> B. Lindsay Lowell, "Skilled temporary and permanent immigrants in the United States," *Population Research and Policy Review* 20, no. 1 (2001), p. 54.

whether there has been a significant shift in the nature of the migration and related employment.

In addition to the skill level of the migrants, the relationship between them and their sponsoring employer is vital to the operation of these programs. To be eligible for participation in these programs, potential migrants are usually required to enter into a contract with a particular employer that outlines the rights and responsibilities of both parties. A comparison of these contracts during the various periods of migration provides an insight into the treatment of the workers and the operation of the program on a day-to-day basis.

Although the contract is important, the rights that guest workers have outside of their employment should also be considered. Central to this is the ability to bring their immediate family with them, but also their access to accommodation, education and health services. As non-citizens, one of the rights that guest workers do not have is the right to vote or stand for election. Nevertheless, they may be able to participate in politics through membership of groups such as trade unions. This may also indicate their integration into the domestic community.

Finally, the economic conditions prevalent during the operation of each program are examined. One of the common rationales for the introduction of a guest worker program is that the economy is reaching capacity: employment levels are high; businesses are unable to source labour; and employers therefore request foreign labour to solve their worker shortages. It is expected that economic indicators at these times indicate high labour force participation and low unemployment. This chapter examines not only the economic conditions at the time of their establishment, but also how they change over the life of the program, in order to determine if there is any correlation between them and the number of workers migrating.

These five factors are used to analyse the similarities and differences between the 457 visa program and previous temporary labour migration. If the 457 visa program displays characteristics also evident in previous migration schemes, claims that globalisation is central to the rationale for the 457 visa need to be questioned.

## Kanakas

Migrant workers from the Pacific Islands formed a crucial component of the Queensland sugar industry labour force in the second half of the nineteenth and early twentieth centuries, with approximately 63,000 of these kanakas entering Queensland between 1863 and 1907.<sup>6</sup> To regulate this migration, the Queensland Government introduced the *Polynesian Labourers Act 1868 (Qld)*, which established three-year renewable contracts, and governed the operation of recruiting agents and inspectors.<sup>7</sup> Rather than finding potential labour themselves, most employers contracted recruiting agents to sail to the Pacific Islands and bring back suitable workers.<sup>8</sup>

The Queensland Government intended that kanakas migrated on a temporary basis. In 1869, the Attorney-General explicitly outlined this by noting, “our policy should be so defined as to make ... [Melanesian] immigration a temporary aid to us and not to encourage its permanent settlement in this country.”<sup>9</sup> Although this was the stated intention, the Queensland Government was not too concerned if kanakas remained for longer periods of time. Those that stayed after the end of their initial contract were called ‘time-expireds’ and earned significantly more than kanakas on their first

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<sup>6</sup> Adrian Graves, *Cane and Labour: The Political Economy of the Queensland Sugar Industry, 1862-1906* (Edinburgh: Edinburgh University Press, 1993), pp. 244-245.

<sup>7</sup> Anthony O'Donnell and Richard Mitchell, *Immigrant Labour in Australia: The Regulatory Framework* (Centre for Employment and Labour Relations Law, 2000), p. 4.

<sup>8</sup> Kay Saunders, “The Workers' Paradox: Indentured Labour in the Queensland Sugar Industry to 1920,” in *Indentured Labour in the British Empire 1834-1920*, ed. Kay Saunders (London and Canberra: Croom Helm, 1984), p. 225.

<sup>9</sup> Cited in *Ibid.*, p. 221.

contract, providing an incentive for them to remain. This was particularly true in the northern parts of the colony where they could earn twice as much.<sup>10</sup> If the Government wanted to discourage permanent settlement, they would not have provided a means by which kanakas could remain in the colony after the expiry of their original contract.

The result was that a number of kanakas remained in Australia for extended periods. The *Pacific Island Labourer Act 1901* signalled the end of kanaka migration and deportation of those still in Australia. In response, a number of migrants petitioned the Governor-General to allow them to stay. Although the petitioners only numbered 22, it is notable that their average stay in Australia had been 25 years.<sup>11</sup> Testimony to a Royal Commission outlined the links many kanakas had developed with the Australian community and led the Government to reconsider and expand the criteria for exemption from deportation.<sup>12</sup> Due to this, some kanakas were able to remain in Australia on a permanent basis.

In addition to restrictions placed on the length of time that kanakas were expected to remain in Queensland, they were also constrained in the type of work they could be employed to undertake. Originally, kanakas were imported to work in agriculture, in particular sugar production. By 1884, they were restricted to agricultural 'field work' and a number of occupations were prohibited, including engineers, blacksmiths, wheelwrights, carpenters, fencers and mechanics.<sup>13</sup> In addition to restrictions on the type of work they could undertake, kanakas who arrived after 1877 were confined to agricultural work in tropical and sub-tropical areas.<sup>14</sup> Data shows that in 1881 there were

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<sup>10</sup> Ibid., p. 225.

<sup>11</sup> Peter Corris, *Passage, Port and Plantation: A History of Solomon Islands Labour Migration 1870-1914* (Carlton: Melbourne University Press, 1973), p. 126.

<sup>12</sup> Ibid., pp. 126-129.

<sup>13</sup> Graves, *Cane and Labour*, p. 204.

<sup>14</sup> Corris, *Passage, Port and Plantation*, p. 74; Graves, *Cane and Labour*, p. 204.

6,348 Pacific Islanders in Queensland, 5,075 of who were agricultural labourers.<sup>15</sup> Kanakas were therefore generally employed in relatively low-skilled occupations.

They were also subject to restrictions placed on them by their employer. All kanakas had to sign a contract with an employer in Queensland prior to beginning work. Under the 1868 Act, these contracts were required to be a maximum of three years in length, and to provide for the payment of at least £6 annually.<sup>16</sup>

Disregarding that many islanders were kidnapped or tricked into sailing to Queensland and then forced to sign contracts,<sup>17</sup> a number of issues affected the contractual basis of the program. Firstly, as opposed to other indentured labourers from countries such as India, kanakas did not have the support of a government to negotiate and monitor the implementation of the contracts on their behalf. Further, the concept of a contract was foreign to many of these workers, who would have been unaware of what they were signing owing to an absence of interpreters. This meant that many were oblivious to some of the most basic aspects of the contracts they signed, including the length of their indenture.<sup>18</sup> By entering into contracts that in many instances the kanakas did not understand, the employers were demonstrating the power over the worker that they would continue to display.

One element of the program that allowed employers to assert their power was the timing of salary payments. Unlike most employment contracts, many of those signed by the kanakas only required payment of wages at the end of

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<sup>15</sup> Corris, *Passage, Port and Plantation*, p. 74.

<sup>16</sup> Graves, *Cane and Labour*, p. 28; Robert Miles, *Capitalism and Unfree Labour: Anomaly or necessity?* (London and New York: Tavistock Publications, 1987), p. 114.

<sup>17</sup> Lawrence Phillips, "British slavery after abolition: the Pacific trade," *Race and Class* 41, no. 3 (2000), pp. 13-27.

<sup>18</sup> *Ibid.*, p. 14.

the term of indenture.<sup>19</sup> This meant kanakas were unable to leave the employer prior to the completion of their contract if they wished to be paid for their labour. To remedy this, a Memorandum of Agreement attached to the *Polynesian Labourers Act 1868 (Qld)* required that workers be paid at the end of each year. Nevertheless, evidence shows this had little impact, with employers continuing to pay their workers when it was most opportune for them.<sup>20</sup>

In an attempt to facilitate the regular payment of wages, the Queensland Government established a trust account in the Government Savings Bank, into which employers could pay their workers' wages every six months.<sup>21</sup> This was not compulsory, but data shows that many kanakas were paid in this way.<sup>22</sup> Although this system meant employers paid their workers more regularly, kanakas were still unable to access their wages until their contract had expired and payment continued to be when it most suited employers.<sup>23</sup>

Exacerbating these issues, a number of factors meant it was difficult for indentured workers to effectively access the legal system and receive their wages. These included the position of the workers in society, language difficulties and that many of the judges were themselves sugar planters, and therefore unsympathetic to calls for payment.<sup>24</sup> Further, there were a number of systemic issues that hampered any attempt to receive all their wages. Firstly, the *Masters and Servants Act 1861*, under which the contracts were administered, limited complaints to six months after the offence, meaning workers were only eligible for payment of the previous six months' wages.

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<sup>19</sup> Miles, *Capitalism and Unfree Labour*, p. 115.

<sup>20</sup> Adrian Graves, "Trucks and Gifts: Melanesian Immigrants and the Trade Box System in Colonial Queensland," *Past and Present* 101 (1983), p. 108.

<sup>21</sup> Graves, *Cane and Labour*, pp. 157-159.

<sup>22</sup> Graves, "Trucks and Gifts," pp. 111.

<sup>23</sup> Miles, *Capitalism and Unfree Labour*, pp. 115.

<sup>24</sup> Graves, "Trucks and Gifts," p. 109.



Secondly, sugar planters that went bankrupt were not liable for their employees' back pay. Lastly, in the event of the death of a kanaka, the employer was not required to send the owed wages to the worker's next of kin.<sup>25</sup> Given the high death rates experienced by kanakas,<sup>26</sup> a significant number of employers would not have needed to pay wages for much of the labour they received.

In addition to the restrictions that are often associated with employment contracts, a transfer system also operated between businesses. This was established in the *Polynesian Labourers Act 1868 (Qld)* and meant workers could be passed on to other employers. Outside of this formal arrangement, many employers also "rented" out their indentured workers to other farmers.<sup>27</sup> In effect, kanakas were seen as the possession of the employers.

One way for kanakas to combat their mistreatment was to join trade unions. However, while they were free to do so, they were often not welcome. In part, this was because unions wanted to stop this form of migration, which they saw as a form of class oppression that employers were using to undermine the development of a strong union movement in Australia.<sup>28</sup> However, it has also been claimed that this apprehension stemmed from a generalised dislike of immigration and sense of racism.<sup>29</sup> In response, kanakas formed their own unions and by communicating about local employment conditions with workers in other areas of the colony, managed to increase the wages they received.<sup>30</sup> Although this frustrated planters' attempts to employ

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<sup>25</sup> Ibid.

<sup>26</sup> Graves, *Cane and Labour*, Table 4, p. 248.

<sup>27</sup> Adrian Graves, "Colonialism and Indentured Labour Migration in the Western Pacific, 1840-1915," in *Colonialism and Migration; Indentured Labour Before and After Slavery*, ed. P. C. Emmer (Dordrecht: Martinus Nijhoff, 1986), p. 249.

<sup>28</sup> Graves, *Cane and Labour*, p. 57.

<sup>29</sup> O'Donnell and Mitchell, *Immigrant Labour in Australia: The Regulatory Framework*, p. 21.

<sup>30</sup> Graves, *Cane and Labour*, p. 207; Saunders, "The Workers' Paradox," p. 234.

low paid labourers, the Government did not prohibit the formation of these unions.<sup>31</sup>

While the conditions that kanakas were employed under improved due to the work of these unions, deaths continued to occur at rates considerably higher than for the general population. Between 1870 and 1907 the average annual death rate for Pacific Islanders in Queensland was fifty per thousand, compared to fifteen per thousand for all Queenslanders.<sup>32</sup> Due in part to increasing death rates, which reached almost one hundred and fifty per thousand in 1884, the Government established hospitals specifically for Pacific Islanders. By 1885, such hospitals, funded through a levy on employers, existed in Mackay, Maryborough, Ingham and Geraldton (now Innisfail). However, although kanakas were provided with health care, the conditions in the hospitals were dreadful, and they were soon closed.<sup>33</sup>

The final factor to consider when analysing the kanaka trade is the economic conditions prevalent at the time. As the program was primarily focused on the production of sugar in Queensland, it is the role of kanaka labour in this industry that must be analysed. Between 1870 and 1907 there were, on average, 7,389 kanakas in Queensland,<sup>34</sup> but this does not demonstrate the important role they played in the production of sugar. As shown in Table 3.1, workers from the Pacific Islands constituted 64 per cent of the industry's labour force in 1888.

With kanakas constituting a significant proportion of the labour force, output in the sugar industry rose from 3,762 tons in 1871 to 188,307 tons in 1907, while its export value increased from £16,338 to £1,778,642 over the same

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<sup>31</sup> Corris, *Passage, Port and Plantation*, p. 86; Graves, *Cane and Labour*, p. 207.

<sup>32</sup> Graves, *Cane and Labour*, Table 4, p. 248.

<sup>33</sup> Ibid., pp. 97-98.

<sup>34</sup> Ibid., Table 3, pp. 244-245.

period.<sup>35</sup> This growth in the industry is partly due to the number of kanakas in Queensland in this period, but also to technological developments such as the movement from the plantation to the central milling system,<sup>36</sup> which increased the output of each worker. Nevertheless, there is little doubt kanakas played an important role in the growth of this industry.

**Table 3.1: Ethnic origin of the labour force in the Queensland sugar industry, by district, 1888<sup>37</sup>**

District	White	Chinese	Pacific Islanders	Java	Malaya	Total
Bundaberg	704	97	1,864	90	-	2,755
Mackay	512	50	1,494	342	4	2,402
Townsville	190	7	532	6	50	785
Herbert River	202	136	666	20	109	1,133
Johnstone River	147	14	354	60	-	575
Cairns	57	29	388	24	-	498
Cooktown	30	10	-	132	-	172
<b>Total</b>	<b>1,842</b>	<b>343</b>	<b>5,298</b>	<b>674</b>	<b>163</b>	<b>8,320</b>

In summary, the importation of kanakas to Queensland in the second-half of the nineteenth century saw the temporary migration of many Pacific Islanders for the purpose of working in the sugar industry. Although the stated intention was for this to be temporary migration, the Government did not strictly police this and developed mechanisms for kanakas to remain in Queensland for extended periods. The type of work they were permitted to undertake was restricted to field work in the agricultural industry, with restrictions also placed on the geographical location of this work. Due to language issues and the lack of home government support during the signing of their employment contracts, many experienced difficulties getting access to their wages, an issue exacerbated by a legal system weighed heavily in favour of the employers. Although kanakas were allowed to join trade unions, they

<sup>35</sup> Ibid., Table 1, pp. 236-237.

<sup>36</sup> Ibid., pp. 23-48.

<sup>37</sup> Ibid., p. 40. The data in this table is a summary of the responses to a questionnaire provided to 285 of 342 employers in Queensland in early 1888. Of these 285 employers, 96 responded, although Graves does indicate that this represents approximately 62 per cent of the sugar industry labour force.

were often unwelcome, which led to the formation of kanaka-only unions that worked to improve their working conditions. Nevertheless, they continued to experience death rates much higher than other Queenslanders. While the number of kanakas in Queensland was low in comparison to overall population, their importance to the sugar industry is evident from the high proportion of workers in that industry from the Pacific Islands.

## Braceros

In 1942 the United States and Mexican Governments introduced a guest worker program to help alleviate labour shortages in the American agricultural industry due to the Second World War. Officially entitled the Emergency Farm Labor Program, but better known as the *Bracero* program after the Spanish term for 'day labourer',<sup>38</sup> it continued to operate until 1964. Rather than one program, it was a series of agreements between the Governments of the United States and Mexico, often only lasting one to two years. Nevertheless, its operation was based on a number of principles outlined in the original Executive Agreement signed on 4 August 1942.<sup>39</sup> According to these general guidelines, discrimination against *braceros* was illegal, and their employment could not replace American workers or reduce their wages. In addition, their transportation, living expenses and repatriation were guaranteed. Lastly, *braceros* were not permitted to serve in the United States military.<sup>40</sup>

Changes introduced in 1951 meant the United States Secretary of Labor had to certify that a number of prerequisites were met before *braceros* could be employed. These included that the prospective employer was unable to attract domestic workers under the same conditions they were offering *braceros* and

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<sup>38</sup> Castles, *Ethnicity and Globalization: From Migrant Worker to Transnational Citizen*, p. 97.

<sup>39</sup> Nelson Gage Copp, "Wetbacks' and Braceros: Mexican Migrant Laborers and American Immigration Policy, 1930-1960" (Boston University Graduate School, 1963), p. 68.

<sup>40</sup> Richard B. Craig, *The Bracero Program: Interest Groups and Foreign Policy* (Austin: University of Texas Press, 1971), p. 43.

their migration would not adversely affect the working environment of those already employed in similar positions.<sup>41</sup> The migration of *braceros* was facilitated by the Mexican Government that established recruitment centres throughout the country where medical and criminal checks were undertaken.<sup>42</sup>

As the program was established in a bid to alleviate labour shortages during the Second World War, it was expected that once such shortages disappeared, immigrant labour would return to Mexico. This correlated well with the intentions of Mexican workers to earn enough money through temporary migration to return home and establish their own farms. Over 90 per cent of *braceros* participating in the early years of the program eventually returned to Mexico once they earned enough money.<sup>43</sup>

In an attempt to ensure migration continued to be temporary, a number of institutional controls were established. Employers were required to pay the United States Government a sum of money if the *bracero* did not return to the reception centre, and were therefore charged with policing the temporary nature of the migration.<sup>44</sup> By the 1960s, migrant workers were not permitted to remain in the United States for longer than nine months at a time.<sup>45</sup> The intention of this policy was to make it difficult for *braceros* to develop strong links with the community, lessening the attraction of permanent migration. Another method to encourage temporary migration was to withhold 10 per cent of *braceros'* wages, to be given to them when they returned to Mexico. Although this system appears, on the surface, to provide strong incentives for

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<sup>41</sup> Copp, "Wetbacks' and Braceros," pp. 168-169.

<sup>42</sup> Craig, *The Bracero Program*, p. 5.

<sup>43</sup> Copp, "Wetbacks' and Braceros," p. 36.

<sup>44</sup> Craig, *The Bracero Program*, p. 73.

<sup>45</sup> *Ibid.*, p. 177.

return migration, reports suggest that few ever received this money.<sup>46</sup> The systematic non-payment of these wages would have significantly lessened the incentive to return. While evidence from the early years of the program suggested that *braceros* were returning to Mexico, over time a significant number of *braceros* began to remain in the United States as undocumented workers.<sup>47</sup> The termination of the program in the mid-1960s did not stop Mexican workers entering the United States; it simply meant their entry became unauthorised.<sup>48</sup>

One way to gauge the importance of the program to overall immigration is to compare the number of *braceros* entering the United States to the number of people obtaining permanent resident status. As is evident from the data in Table 3.2, the migration of *braceros* was extremely important. Although it should be noted that the number of *braceros* entering each year may include those who had previously migrated, but had returned home at the end of their contract, more people entered the United States under the *Bracero* Program than gained permanent residency in the period 1950 to 1964.

As noted, the *bracero* program was focused solely on the recruitment of farm workers. The temporary nature of the employment aligned well with the needs of many farmers, who were able to hire workers just for the harvest season.<sup>49</sup> Due to restrictions on the types of jobs they were able take up in

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<sup>46</sup> Randal C. Archibold, "Owed Back Pay, Guest Workers Comb the Past," *New York Times*, 24 November 2008, p. A1; Mary Bauer, *Close to Slavery: Guestworker Programs in the United States* (Southern Poverty Law Center, 2007) <<http://www.splcenter.org/pdf/static/SPLCguestworker.pdf>> accessed 13 September 2007, p. 4; Philippe Legrain, *Immigrants: Your Country Needs Them* (London: Little, Brown, 2007), p. 203.

<sup>47</sup> Tanya Basok, "He Came, He Saw, He ... Stayed. Guest Worker Programmes and the Issue of Non-Return," *International Migration* 38, no. 2 (2000), pp. 215-238; Kevin R. Johnson, "Open Borders?," *UCLA Law Review* 51, no. 1 (2003), p. 231; Martin Ruhs, *The potential of temporary migration programmes in future international migration policy* (Global Commission on International Migration, 2005), p. 18.

<sup>48</sup> Barry R. Chiswick, "Immigrants in the U.S. Labor Market," *Annals of the American Academy of Political and Social Sciences* 460 (1982), p. 68.

<sup>49</sup> Chiswick, "Immigrants in the U.S. Labor Market," p. 68.

the United States, Mexican migrants were in effect confined to low-skilled jobs.

**Table 3.2: *Braceros* vs. People obtaining permanent resident status, United States, 1950-1964<sup>50</sup>**

Year	People obtaining permanent resident status	<i>Braceros</i>	<i>Braceros</i> as a proportion of permanent migration
1950	249,187	76,519	30.7%
1951	205,717	211,098	102.6%
1952	265,520	187,894	70.8%
1953	170,434	198,424	116.4%
1954	208,177	310,476	149.1%
1955	237,790	390,846	164.4%
1956	321,625	444,581	138.2%
1957	326,867	450,422	137.8%
1958	253,265	418,885	165.4%
1959	260,686	447,535	171.7%
1960	265,398	427,240	161.0%
1961	271,344	294,149	108.4%
1962	283,763	282,556	99.6%
1963	306,260	195,450	63.8%
1964	292,248	181,738	62.2%
<b>Total</b>	<b>3,918,281</b>	<b>4,517,813</b>	<b>115.3%</b>

During the first years of the program, the ‘employer’ cited in the *braceros*’ contract was the United States Farm Security Administration, a requirement insisted upon by the Mexican Government.<sup>51</sup> The business for whom the migrants actually worked was therefore technically a sub-contractor. This led one grower to comment, “we used to buy our slaves; now we rent them from the Government,”<sup>52</sup> demonstrating the power that employers felt they had over their migrant workers.

<sup>50</sup> Data on permanent migration from United States Department of Homeland Security, “Persons Obtaining Legal Permanent Resident Status: Fiscal Years 1820 to 2006,” (13 September 2007) <[www.dhs.gov/xlibrary/assets/statistics/yearbook/2006/table01.xls](http://www.dhs.gov/xlibrary/assets/statistics/yearbook/2006/table01.xls)> accessed 17 October 2008. Data on *braceros* from Craig, *The Bracero Program*, p. 5.

<sup>51</sup> Copp, “Wetbacks’ and Braceros,” p. 124; Craig, *The Bracero Program*, p. 43.

<sup>52</sup> Cited in Robin Cohen, *The New Helots: Migrants in the International Division of Labour* (Aldershot: Avebury, 1987), p. 51.

Amendments to the program in 1948 led to adjustments in its operation, but left the general principles unchanged. The contracting parties were now the *bracero* and the individual farmer, rather than the United States Government. There was no minimum wage or piece-rate, nor was there a formal compliance mechanism. On the other hand, employers were now required to pay a bond to ensure *braceros* returned to Mexico, while any employer also found to be hiring undocumented workers was forbidden from accessing the program.<sup>53</sup>

These conditions did not last long. Public Law 78 was passed in 1951, and meant that employers were obliged to pay *braceros* the higher of a minimum wage or the prevailing wage in the area. This law also required that the accommodation they provided met minimum standards. Further, in order to enter into a contract, employers had to offer at least 30 days of work and share the cost of transportation to and from the place of employment with the migrants and Government.<sup>54</sup>

These changes also gave *braceros* the right to elect a representative to liaise with their employer, meaning they could now join unions.<sup>55</sup> Although they had this right, unions still needed to accept their membership and act on their behalf. Similar to the kanaka experience in Queensland, unions were generally opposed to the operation of the program, arguing that it inhibited their ability to gain positive outcomes for their members.<sup>56</sup> The unions' position is summed up by one official who stated:

The Mexicans are in no position to bargain for wages with corporations. They do not speak English. They are completely ignorant of any legal

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<sup>53</sup> Craig, *The Bracero Program*, p. 54.

<sup>54</sup> Bauer, *Close to Slavery*, p. 4.

<sup>55</sup> Craig, *The Bracero Program*, p. 81.

<sup>56</sup> Copp, "Wetbacks' and Braceros," p. 9; David G. Gutierrez, *Walls and Mirrors: Mexican Americans, Mexican Immigrants, and the Politics of Ethnicity* (Berkeley and Los Angeles: University of California Press, 1995), p. 157.



obligations that the employers may have. They cannot file claims... They cannot invoke the protection of the Mexican consuls. They are, in short, perfect strike breakers.<sup>57</sup>

When considering the impact of economic conditions on the program, it is important to remember *braceros* were restricted to working as agricultural labourers. From 1942 to 1964, the value of US farm sector output increased by 15 per cent in real terms, but fell in terms of contribution to overall GDP from 1.33 per cent to 0.73 per cent.<sup>58</sup> In terms of employment, the size of the US agricultural labour force fell by 41 per cent between 1948 and 1964, with the proportion of workers employed in agriculture being halved.<sup>59</sup>

However, these results were also due to a number of factors external to the operation of the program. Firstly, the falling contribution of the agricultural sector to overall production is common in industrialising economies. Further, it is also to be expected that the size of the agricultural labour force would fall as the sector becomes more mechanised. Lastly, less than two per cent of farms in the United States hired *braceros* in 1959, meaning their impact on the overall farm industry would have been quite small. However, they formed a significant proportion of the work force in the harvest of crops such as lettuce in Texas and California.<sup>60</sup> Therefore, *braceros* played an important role in production in particular segments of the farm sector that had not yet been mechanised, rather than the overall agriculture industry.

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<sup>57</sup> Gutierrez, *Walls and Mirrors*, pp. 157-158.

<sup>58</sup> Bureau of Economic Analysis, "National Economic Accounts: National Income and Product Accounts Tables," (26 March 2009) <<http://www.bea.gov/national/nipaweb/NIPATableIndex.asp>> accessed 3 April 2009, Table 1.3.6.

<sup>59</sup> United States Department of Labor, *Manpower Report of the President: Including a Report on Manpower Requirements, Resources, Utilization, and Training* (Washington D.C.: U.S. Government Printing Office, 1972), Table A-13, p. 174.

<sup>60</sup> Craig, *The Bracero Program*, pp. 131-132.

In conclusion, the migration of *braceros* to the US during and after the Second World War was intended to fill temporary labour shortages in the farm sector. Although the US Government implemented a number of processes to ensure their stay was temporary, many remained and were later joined by large numbers of unauthorised arrivals, an issue that continues to be at the core of much of the debate over immigration reform in the US. The importance of the program can be seen by the fact that the number of *braceros* entering the US was usually higher than the number of people gaining permanent residency. Originally the employment contract was between the US Government and the *bracero*, but this later became a more standard contract between employer and employee, which was governed by a number of regulations outlining issues such as minimum wages. Although *braceros* had the right to join trade unions, they were often unwelcome due to the perception that their presence in the US led to lower wages for native workers. Lastly, given that *braceros* were restricted to working in the agricultural industry, their presence in the US coincided with the shrinking importance of this sector to the overall US economy. However, due to the natural move from agriculture towards the manufacturing and service sectors, this is not a surprising outcome, and evidence suggests *braceros* played an important role in the harvest of some crops where mechanisation was difficult.

## **Gastarbeiters**

Like the *Bracero* program, the *Gastarbeiter* (guest worker) program in West Germany was introduced due to the labour market tightening effects of the Second World War and the boom that followed. Although there was an increase in birth-rates in north-western Europe in the aftermath of the war, this did not provide an immediate solution to labour shortages in countries such as West Germany caused by low fertility prior to, and during, the war. These shortages were exacerbated by the loss of life, particularly of prime-working age males, during the war. This provided the demand for migrant workers in West Germany, while contrasting demographic trends in other

countries provided a potential supply of new workers. Countries in southern and eastern Europe had previously experienced high birth rates, meaning they enjoyed a surplus of labour in the immediate post-war years. Both groups of countries saw advantages in the temporary migration of individual workers. Some scholars have noted that this was a new form of migration, as it was primarily about the movement of individual workers rather than entire families.<sup>61</sup>

The signing of the German-Italian Agreement on Worker Recruitment in Rome on 22 December 1955 marked the first agreement between West Germany and another country for the migration of labour. This agreement formed the basis of others with Spain (1960), Greece (1960), Turkey (1961), Portugal (1964) and Yugoslavia (1968).<sup>62</sup> Although each agreement reflected differences in the source countries, the process of migration was similar. The West German Government established labour recruiting offices in the source country that advertised vacancies, sourced potential migrants, undertook medical and criminal checks, and assessed candidates' suitability for the vacancy. If the potential migrant was successful, they signed a contract, usually for one year with an opportunity to extend.<sup>63</sup> The reason for the short-term migration was the 'rotation principle', whereby workers moved between the source and destination countries regularly, only remaining in the destination country for a specified time.<sup>64</sup> By implementing a system of rotation, it was hoped that migrants would not develop strong links to West Germany and would be more likely to return home.

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<sup>61</sup> Ray C. Rist, *Guestworkers in Germany: The Prospects for Pluralism* (New York: Praeger, 1978), pp. 5-6.

<sup>62</sup> Ulrich Herbert, *A History of Foreign Labor in Germany, 1880-1980: Seasonal Workers, Forced Laborers. Guest Workers*, trans. William Templer (Ann Arbor: The University of Michigan Press, 1990), pp. 205-210.

<sup>63</sup> Rist, *Guestworkers in Germany*, p. 61.

<sup>64</sup> *Ibid.*, p. 16.

**Table 3.3: Temporary and Permanent Labour Migration to West Germany, 1965-1969<sup>65</sup>**

Year	Permanent Labour Migration	Temporary Labour Migration	Temporary/Permanent (%)
1965	525,000	416,364	79.3
1966	425,000	345,349	81.3
1967	152,000	127,010	83.6
1968	391,000	220,833	56.5
1969	646,000	360,976	55.9
<b>Total</b>	<b>2,139,000</b>	<b>1,470,531</b>	<b>68.7</b>

As shown in Table 3.3, temporary labour migration was a significant feature of immigration to West Germany. In the late 1960s, it was more than two-thirds the size of permanent labour migration.

While it is apparent temporary labour migration was a significant component of overall labour migration, evidence shows that much of this nominally temporary migration became permanent. One estimate is that approximately one quarter of these *gastarbeiters* remained permanently, assisted by rulings that allowed their families to migrate.<sup>66</sup> This led one commentator to note that, “the ‘guest-worker’ recruiting countries [including West Germany] wanted labour, not people, but were to end up with new ethnic minorities.”<sup>67</sup>

Upon signing a contract with a German employer, a migrant worker was issued with a labour legitimacy card, which permitted their entry to West Germany. Once they reached their destination and established themselves, they were required to apply for a residence permit. It was this that sanctioned their stay in West Germany, not the contract they signed in their home country. If a *gastarbeiter* did not have a valid employment contract, the

<sup>65</sup> Data from Bernard Kayser, *Cyclically-determined homeward flows of migrant workers and the effects of emigration* (Paris: Organisation for Economic Co-operation and Development, 1972), Tables 1, 7 and 8.

<sup>66</sup> Legrain, *Immigrants*, p. 200.

<sup>67</sup> Castles, *Ethnicity and Globalization: From Migrant Worker to Transnational Citizen*, p. 8. Also see Stephen Castles, “The Factors that Make and Unmake Migration Policies,” *International Migration Review* 38, no. 3 (2004), pp. 852-884; Stephen Castles, “Guestworkers in Europe: A Resurrection?,” *International Migration Review* 40, no. 4 (2006), pp. 741-766.

Government could cancel their residence permit and deport them.<sup>68</sup> Given there are many reports of migrants suffering through periods of unemployment while in West Germany and not being forced to leave,<sup>69</sup> the Government does not appear to have taken up this option very often. In effect, they were not restricted to working for just one employer, and could change jobs or experience periods of unemployment without significant fear of deportation.

Further, the contract required that *gastarbeiters* received the same entitlements, such as wages, work hours, leave and access to industrial courts, as German workers.<sup>70</sup> Credit for the equality between the employment rights of *gastarbeiters* and native workers has been given to German trade unions, who engaged with the process of developing the standard contract.<sup>71</sup> Possibly due to this, one right stipulated in the bilateral agreements entered into by the German Government was that the guest workers could join trade unions and engage in industrial action.<sup>72</sup> As opposed to the *kanaka* and *bracero* programs, not only were *gastarbeiters* permitted to join unions, but unions supported their membership.

One achievement of the union movement was their campaign for a minimum standard of accommodation for the workers. The bilateral agreements included strict requirements regarding the size and condition of *gastarbeiters'* accommodation. Each worker was to have at least eight square metres of space, of which six was to be for sleeping purposes. Additionally, employers were required to provide a bed, mattress, pillow, blankets, sheets, closet, chair

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<sup>68</sup> Rist, *Guestworkers in Germany*, p. 137.

<sup>69</sup> Ibid., p. 71.

<sup>70</sup> Fritz Franz, "The Legal Status of Foreign Workers in the Federal Republic of West Germany," in *Manpower Mobility Across Cultural Boundaries: Social, Economic and Legal Aspects, The Case of Turkey and West Germany*, ed. Ronald E. Krane (Leiden: Brill, 1975), p. 48.

<sup>71</sup> Herbert, *A History of Foreign Labor in Germany*, pp. 205-206; Rist, *Guestworkers in Germany*, p. 127.

<sup>72</sup> Miles, *Capitalism and Unfree Labour*, p. 163.

and food locker. The dormitory had to contain a kitchen with a table, a wash basin in any room with five or more occupants and a shower with hot and cold water for each 20 workers.<sup>73</sup>

Unlike the Kanaka and *Bracero* programs, the *Gastarbeiter* program was not restricted to occupations in a particular industry, such as agriculture. Further, there were no restrictions on the skill level of migrant workers, meaning any worker or employer could approach the West German Government about participating in the program. Nevertheless, evidence suggests that the vast majority of migrant workers were employed in a few industries. The Organisation for Economic Co-operation and Development (OECD) estimated that in 1970, 63 per cent of *gastarbeiters* worked in metal processing, construction and textiles, while only 15 per cent were employed in the services sector. In comparison, 40 per cent of the West German population worked in the service sector.<sup>74</sup> Given this strong bias towards work in the industrial sector, it appears that migrant workers predominantly worked in occupations that Germans were leaving.<sup>75</sup>

As *gastarbeiters* were able to fill any position in the West German labour market, it makes sense to examine overall economic conditions. Table 3.4 demonstrates that there is some correlation between the economic conditions of the time and the number of foreign workers employed. In particular, there was a large reduction in the number of migrant workers in the country when increases in the unemployment rate were recorded. This is evident in the increases in unemployment from 1966 to 1967 and from 1973 to 1975 when the number of foreign workers in the West German economy also fell significantly. This suggests periods of unemployment affected the

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<sup>73</sup> Franz, "The Legal Status of Foreign Workers in the Federal Republic of West Germany," p. 48.

<sup>74</sup> Organisation for Economic Co-Operation and Development, *Jobs for Immigrants: Labour Market Integration in Australia, Denmark, Germany and Sweden* (Paris, 2007), p. 200.

<sup>75</sup> Rist, *Guestworkers in Germany*, p. 111.

employment opportunities for *gastarbeiters* and the *Frankfurter Allgemeine* was correct to note that the advantage of guest workers was that, “in the event of unemployment in Germany, the foreign workers could be sent back home again.”<sup>76</sup>

**Table 3.4: Economic Conditions in West Germany during the *Gastarbeiter* Program, 1960-1976**<sup>77</sup>

Year	Economic Growth	Unemployment Rate (%)	Participation Rate (%)	Foreign Workers Employed ('000)	Foreign Workers as a Percentage of Working Population
1960	8.1	1.0	70.3	329.4	1.5
1961	4.1	0.7	70.9	548.9	2.5
1962	4.3	0.6	70.7	711.5	3.2
1963	2.8	0.7	70.8	828.7	3.7
1964	6.1	0.6	70.5	985.6	4.4
1965	5.1	0.6	70.5	1216.8	5.7
1966	3.0	0.6	70.2	1313.5	6.1
1967	0.3	1.8	69.2	991.3	4.7
1968	5.3	1.3	69.2	1089.9	5.2
1969	6.6	0.7	69.4	1501.4	7.0
1970	4.7	0.6	69.5	1949.0	9.0
1971	2.9	0.7	69.2	2240.8	10.3
1972	4.1	0.9	69.1	2352.4	10.8
1973	4.5	1.0	69.4	2595.0	11.9
1974	0.8	2.2	69.1	2350.0	11.2
1975	-0.5	4.0	68.6	2171.0	10.5
1976	4.8	4.0	68.3	1932.6	9.7

It is also interesting to note that from 1960 to 1976, the labour force participation rate in Germany fell two percentage points. One potential reason for this is that competition from foreign workers caused native German workers to leave the labour market. This effect is magnified by the concurrent increase in the unemployment rate. Given that unemployment

<sup>76</sup> Cited in Herbert, *A History of Foreign Labor in Germany*, p. 211.

<sup>77</sup> Economic Growth data from Angus Maddison, *The World Economy* (Paris: OECD Publishing, 2006), Table C1-b, 272. Labour force data from Organisation for Economic Co-Operation and Development, “Annual Labour Force Statistics, Germany,” *OECD.Stat* (n.d.) <<http://webnet.oecd.org/wbos/index.aspx>> accessed 14 October 2008. Data on *gastarbeiters* in Germany from Rist, *Guestworkers in Germany*, Table 3.1, 62.

increased at the same time as participation fell, the impact was even larger than that recorded by the official unemployment rate, which only took into consideration those who remained in the labour force. The *Gastarbeiter* program appears to have fulfilled many of its goals, especially in the sense of supplementing native labour when unemployment was below two per cent until 1974. This was also a period of restructuring of the West German labour force, with many native workers leaving employment in the industrial sector and migrant labour filling these vacancies. The low unemployment and restructuring probably contributed to the trade union movement's apparent support for the importation of temporary labour. Nevertheless, many of these *gastarbeiters* remained once the economy slowed, potentially contributing to the rising levels of unemployment, which has continued to trend upwards since this period.

Overall, the *Gastarbeiter* program brought workers to Germany from southern and eastern European countries, with the intention of temporarily solving the labour supply problems in the country. The significance of this program can be seen by the fact that the number of guest workers who came to Germany was two-thirds that of permanent migrants who came at the same time, although many of these guest workers settled permanently. As with the *kanakas* and *braceros*, *gastarbeiters* were required to have a contract with an employer in Germany before entering the country, but the Government does not appear to have been too concerned if this contractual relationship finished, as they allowed *gastarbeiters* to remain without such a contract. There are two significant differences between this and the other two programs examined. First is the role of trade unions. Unlike in Queensland and the US, German trade unions were closely involved in the development of the program, and accepted these migrant workers as potential members. This involvement meant that some concessions were gained from the German Government and employers to ensure that, for example, *gastarbeiters* had access to adequate accommodation. Secondly, *gastarbeiters* were able to work in any industry they wished. However, data shows that they predominantly



worked in the metal processing, construction and textile industries. Although many settled permanently, data shows that, as was the expectation, when unemployment in Germany rose, the number of *gastarbeiters* in the country fell. However, this was also accompanied by a fall in the participation rate, potentially a response to the added competition from foreign workers felt by German workers.

### **Long Stay subclass (457) visas**

As outlined in Chapter One, the 457 visa was introduced in 1996 by the newly-elected Howard Government in response to the recommendations of the Roach Report that had been commissioned by the previous Government. Employers sponsor approved skilled workers to Australia on a temporary visa for a period of between three months and four years.<sup>78</sup> In contrast to the other guest worker programs examined in this chapter, the 457 visa system is open to migrants from any country.

Before a 457 visa can be granted, an employer must apply for approval as a business sponsor. If they are successful in their application, they must nominate the position to be filled, and it is at this stage that the prospective employee applies for a visa.<sup>79</sup> The success of the application is judged by the Australian Government on the basis of a number of eligibility requirements. Examples of these requirements include a demonstrated benefit to the Australian economy, the meeting of minimum skill and salary standards, and health and character requirements.<sup>80</sup>

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<sup>78</sup> Recent changes by the Labor Government, implemented after the period of investigation of this thesis, have reduced the minimum stay to one day.

<sup>79</sup> For a full outline of this process see Australian Government, "Sponsoring a temporary overseas employee," *Department of Immigration and Citizenship* (2007) <<http://www.immi.gov.au/allforms/booklets/1154.pdf>> accessed 6 September 2007, p. 6.

<sup>80</sup> A more detailed list of eligibility requirements can be found at Australian Government, "Commonwealth Submission to the Joint Standing Commission on Migration inquiry into Eligibility requirements and monitoring, enforcement and reporting arrangements for temporary business visa," *Parliament of Australia* (February 2007)

While the visa holder is in Australia, the Department of Immigration monitors whether they and their employer are complying with the program's regulations. As part of this monitoring regime, sponsoring employers complete a questionnaire to check their compliance with such undertakings as the payment of the minimum salary. The Department may also undertake site visits to check compliance.<sup>81</sup>

Central to Hugo's argument about the "paradigmatic shift" that the 457 visa scheme represents is the move from permanent to temporary migration.<sup>82</sup> It is possible to determine whether such a dramatic change has occurred by comparing the size of temporary skilled migration to permanent skilled migration both before and after the introduction of the 457 visa.

One of the key recommendations of the Roach Report was to reduce the number of visa-subclasses that facilitated temporary labour migration.<sup>83</sup> The 457 visa is the result of this rationalisation. To look at the importance of temporary migration to the Australian migration system prior to the introduction of the 457 visa it is possible to compare migration under these various visa-subclasses with permanent migration.

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<<http://www.apf.gov.au/house/committee/mig/457visas/subs/sub033.pdf>> accessed 5 September 2007, p. 5.

<sup>81</sup> Department of Immigration and Citizenship, "Discussion Paper: Business (Long Stay) Subclass 457 and related temporary visa reforms," (2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/discussion-paper-for-legislation.pdf>> accessed 30 June 2008, p. 21. In 2006-07, the department monitored 6,858 employers, including site visits to 1,680, out of a total of 14,780 sponsors nationwide. This monitoring led to 95 sanctions and 93 formal warnings. Data from Visa Subclass 457 External Reference Group, *Final Report to the Minister for Immigration and Citizenship* (Canberra, 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/erg-final-report-april-2008.pdf>> accessed 23 April 2008, p. 33.

<sup>82</sup> Hugo, "Globalization and Changes in Australian International Migration," p. 107. Also see Peter Mares, "The permanent shift to temporary migration," *Inside Story* (16 June 2009) <<http://inside.org.au/the-permanent-shift-to-temporary-migration/>> accessed 17 June 2009.

<sup>83</sup> Committee of Inquiry into the Temporary Entry of Business People and Highly Skilled Specialists, *Business Temporary Entry*, p. 68.

**Table 3.5 Permanent and Temporary Migration, Australia, 1988-89-2008-09<sup>84</sup>**

Year	Permanent Migration	Permanent Skilled Migration	457 Visas* (Primary and Secondary)	457s* as a proportion of permanent migration (%)	457s* as a proportion of permanent skilled migration (%)
1988-89	136,009	51,200	26,063	19.2	50.9
1989-90	132,615	52,700	27,447	20.7	52.1
1990-91	123,584	49,800	24,000	19.4	48.2
1991-92	111,009	41,400	19,230	17.3	46.4
1992-93	78,045	21,300	14,900	19.1	70.0
1996-97	85,762	27,550	25,786	30.1	93.6
1997-98	79,145	34,670	30,880	39.0	89.1
1998-99	79,286	35,000	29,320	37.0	83.8
1999-00	80,140	35,330	31,070	38.8	87.9
2000-01	94,353	44,730	36,900	39.1	82.5
2001-02	105,439	53,520	33,510	31.8	62.6
2002-03	120,595	66,050	36,800	30.5	55.7
2003-04	128,211	71,240	39,500	30.8	55.4
2004-05	133,248	77,880	48,590	36.5	62.4
2005-06	157,086	97,340	71,150	45.3	73.1
2006-07	161,217	97,920	87,310	54.2	89.2
2007-08	171,644	108,540	110,570	64.4	101.9
2008-09	184,825	114,777	101,280	54.8	88.2

\* For 1988-89 to 1992-93, this represents total skilled temporary migration.

The number of permanent and temporary visas granted to migrants is outlined in Table 3.5. It is evident that the number of temporary visas granted has grown significantly in comparison to overall permanent migration. In the late 1980s, temporary labour migration was equivalent to approximately one-fifth of total permanent migration, rising to over one-half twenty years later. This is not an unexpected outcome. The Howard Government announced early in its term that it would re-focus the immigration system towards skilled,

<sup>84</sup> Data on permanent and 457 visa migration from Janet Phillips, Michael Klapdor, and Joanne Simon-Davies, *Migration to Australia since federation: A guide to the statistics*, Background Note (Canberra: Parliamentary Library, 27 August 2010) <<http://www.apf.gov.au/library/pubs/bn/sp/migrationPopulation.pdf>> accessed 11 October 2010, Tables 1 and 2, pp. 16-17. Data for temporary skilled migration for 1988/89 to 1992/93 from Clive Brooks, Jill Murphy, and Lynne S Williams, *The Role of Skilled Temporary Residents in the Australian Labour Market* (Canberra: Bureau of Immigration and Population Research, 1994), Table 1.1, p. 2.

or economic, migration, and away from family reunion.<sup>85</sup> The increase in the number of 457 visas granted can be seen as part of this shift.

To determine whether the growth in the number of 457 visas granted represents a shift towards temporary migration or whether it is part of the Government's emphasis on skilled migration, one should compare it to permanent skilled migration. When this is done, a shift towards temporary migration is less obvious. In the years prior to the 457 visa's introduction, the size of temporary skilled migration was equal to approximately half that of permanent skilled migration, rising to 70 per cent in 1992-93. In the early years of the program's operation, this rose to 80 to 90 per cent, but then fell back to pre-457 visa levels by the early 2000s. It has since risen, and it is significant that in 2007-08, more temporary visas were granted than permanent visas. Nevertheless, while there may be a slight trend towards temporary migration over this period, the data does not support Hugo's contention that there has been something as dramatic as a "paradigmatic shift."

Further, while the number of workers entering Australia on temporary visas can demonstrate whether there has been a shift towards such migration, any changes may just be a reflection of Government policy adjustments. To determine whether there has been a general shift in people's preferences towards temporary migration, one can analyse the long-term intention of the migrants themselves. A study prepared for the Immigration Department, by a number of scholars including Hugo, surveyed over 1,000 457 visa holders on, amongst other things, their permanent residence intention. Of those surveyed, 36 per cent had applied for Australian permanent residency, while a

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<sup>85</sup> Phillip Ruddock, "Migration Program Revamped to Benefit Australia," *Minister for Immigration and Multicultural and Indigenous Affairs* (3 July 1996) <<http://pandora.nla.gov.au/pan/67564/20071110-0000/www.minister.immi.gov.au/media/media-releases/1996/r96027.html>> accessed 15 January 2008.

further 48 per cent intended to apply.<sup>86</sup> Therefore, 84 per cent of those surveyed no longer wanted their migration to be temporary. Although not all of them will gain permanent residency, it does appear that a significant number of permanent skilled migrants have previously been 457 visa holders. In 2007-08, 23,480 former 457 visa holders migrated to Australia as permanent skilled migrants, representing 36 per cent of the total permanent skilled migrant intake.<sup>87</sup> From another perspective, almost half of the people granted 457 visas in 2003-04 were found to be permanent residents five years later.<sup>88</sup> Therefore, while there has been an increase in the number of people entering Australia as 457 visa holders and therefore nominally as temporary migrants, this appears to be a reflection of the Government's wishes, rather than a shift in the intentions of the workers themselves. If given the option, the vast majority of 457 visa holders would prefer to migrate permanently rather than temporarily.

As part of the Howard Government's shift towards skilled migration that was meant to deliver benefits to Australia, the program places significant emphasis on the skills of the potential worker. Migrants are able to fill positions in occupations listed as being in ASCO groups one to four, or one to seven in regional areas.<sup>89</sup> ASCO groups one to four are managers and administrators, professionals, associate professionals and tradespersons and related workers, while groups five to seven are advanced clerical and service

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<sup>86</sup> Khoo, McDonald, and Hugo, *Temporary Skilled Migrants in Australia: Employment Circumstances and Migration Outcomes*, Table 14.

<sup>87</sup> Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2007/08," (2008) <[http://www.immi.gov.au/media/statistics/pdf/457\\_stats\\_07\\_08.pdf](http://www.immi.gov.au/media/statistics/pdf/457_stats_07_08.pdf)> accessed 23 July 2008, p. 12. A further 1,470 former 457 visa holders gained permanent residency in the family and humanitarian streams.

<sup>88</sup> Peter Mares, "Toil and Trouble in the 457 Visa System," *Canberra Times*, 13 June 2009, p. 10.

<sup>89</sup> Changes introduced by the Rudd Government in September 2009 mean that employers in regional areas no longer receive this concession. See Chris Evans, "Government announces changes to 457 visa program," *Minister for Immigration and Citizenship* (1 April 2009) <<http://www.minister.immi.gov.au/media/media-releases/2009/ce09034.htm>> accessed 23 November 2009.

workers, intermediate clerical, sales and service workers and intermediate production and transport workers.<sup>90</sup>

Although the contracts signed by 457 visa holders must be for between three months and four years, it can be cancelled at any time by themselves, the sponsoring employer or the Australian Government. If the contract is broken, the worker has three options: find another employer who is willing to sponsor them and apply for another 457 visa; apply for a different type of visa; or leave Australia within 28 days.<sup>91</sup> The worker is in effect bound to the sponsoring employer for the period of their visa and if the employer cancels their employment, the worker is forced to leave Australia. While it is possible for a visa holder to change employers and gain a new visa, in practice this can be difficult as their employer is often central to their lives in Australia. Many employers supply housing and transport for the worker, making it difficult for the worker to contact other potential employers. Further, those workers who rely on employer-provided accommodation may be left without somewhere to live if their visa is cancelled, making it extremely difficult to find further employment.<sup>92</sup>

An important factor in the relationship between the employer and worker is remuneration. Regulations require that 457 visa holders receive the higher of

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<sup>90</sup> Australian Bureau of Statistics, *ASCO: Australian Standard Classification of Occupations, Second Edition, Cat. No. 1220.0* (Canberra, 1997), p. iii. For a full list of those occupations that 457 visa holders are able to fill, see Chris Evans, "Minimum Salary Levels and Occupations for the Temporary Business Long Stay Visa Notice" (Commonwealth of Australia, 23 June 2008) <[http://www.comlaw.gov.au/ComLaw/legislation/legislativeinstrument1.nsf/0/B77BD5551F2F60FCCA25747200215C44/\\$file/080326120B120G120GAMinimumsalarylevelsOccupationsfor457IMM.pdf](http://www.comlaw.gov.au/ComLaw/legislation/legislativeinstrument1.nsf/0/B77BD5551F2F60FCCA25747200215C44/$file/080326120B120G120GAMinimumsalarylevelsOccupationsfor457IMM.pdf)> accessed 28 May 2009.

<sup>91</sup> Department of Immigration and Citizenship, "Temporary Business (Long Stay) - Standard Business Sponsorship (Subclass 457): Employee Obligations," (2007) <<http://www.immi.gov.au/skilled/skilled-workers/sbs/obligations-employee.htm>> accessed 6 September 2007.

<sup>92</sup> For example, see the case of Gong Wei and Huang Jiandong, two Chinese men who entered Australia on 457 visas and were forced to live on the street after their employer cancelled their employment, Malcolm Knox and Matthew Moore, "Ripped-off visa victims thrown onto street," *Sydney Morning Herald*, 13 September 2007, p. 1 and p. 6.

the MSL set by the Government annually, or the relevant award or agreement for that position.<sup>93</sup> In 2007-08, the MSL was \$41,850 per annum and \$57,300 for workers in information and communications technology (ICT) professions. Employers in regional areas are able to pay migrants less than those in non-regional areas; \$37,665 and \$51,570 for ICT workers.<sup>94</sup> According to Immigration Minister Chris Evans, the MSL has two functions: to ensure 457 visa holders earn a fair wage; and to prevent their exploitation.<sup>95</sup> One way to determine whether the MSL is performing these functions is to compare the average earnings of 457 visa holders with those of all Australian workers. As Liberal Senator Stephen Parry noted in March 2008, the average salary for a primary 457 visa holder was well above the average for Australian workers, a disparity that was true across all industries.<sup>96</sup> However, it is to be expected that workers on 457 visas earn above average wages in each industry. They are restricted to working in particular occupations that are deemed skilled, and will therefore generally receive higher pay than lower-skilled occupations in the same industry. A fairer comparison can be made by analysing average earnings by occupational group, rather than industry.

Table 3.6 shows that Parry was correct to note that overall, 457 visa holders earned significantly more than average. However, analysing the data by occupation shows that this was not true for all ASCO groups. In particular,

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<sup>93</sup> Changes implemented by the Rudd Government in September 2009 have adjusted this mechanism. See Evans, "Government announces changes to 457 visa program."

<sup>94</sup> Kevin Andrews, "Minimum Salary Levels and Occupations for the Temporary Business Long Stay Visa" (Commonwealth of Australia, 7 September 2007), <[http://www.comlaw.gov.au/ComLaw/Legislation/LegislativeInstrument1.nsf/0/5C92E5E53ED57277CA25735200063E9F/\\$file/070228120B120G120GAMinimumsalarylevelsOccupationsfor457IMM.pdf](http://www.comlaw.gov.au/ComLaw/Legislation/LegislativeInstrument1.nsf/0/5C92E5E53ED57277CA25735200063E9F/$file/070228120B120G120GAMinimumsalarylevelsOccupationsfor457IMM.pdf)> accessed 28 May 2009, p. 2.

<sup>95</sup> Chris Evans, "Minimum Salary Level increase for 457 visa holders," *Minister for Immigration and Citizenship* (23 May 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/ce08050.htm>> accessed 3 September 2008.

<sup>96</sup> Parry in Senate, "Official Hansard," *Parliament of Australia* (18 March 2008) <<http://www.aph.gov.au/hansard/senate/dailys/ds180308.pdf>> accessed 4 September 2008, pp. 1187-1188.

457 visa holders in lower skilled occupations earned less than the average for all workers. Only those whose occupations classified as managers and administrators earned significantly more than average for all workers in those occupations. Although employers were required to pay their temporary migrant workers at least the amount specified by the MSL, this has not meant they are paid above average salaries for their occupation.

**Table 3.6: Average Wages by Occupation, 2007-08<sup>97</sup>**

Occupation	All Workers	Primary 457 visa holders
Managers and Administrators	\$91,936	\$128,900
Professionals	\$71,136	\$74,300
Associate Professionals	\$61,100	\$59,700
Tradespersons and Related Workers	\$50,076	\$51,200
Advanced Clerical and Service Workers	\$51,844	\$40,600
Intermediate Clerical Sales and Service Workers	\$45,396	\$39,400
Intermediate Production and Transport Workers	\$52,208	\$49,200
<b>Average</b>	<b>\$60,528</b>	<b>\$73,100</b>

A 457 visa does not entitle a worker to government-funded health or welfare benefits while in Australia.<sup>98</sup> Unless a visa holder comes from a country with a reciprocal arrangement with Australia regarding Medicare, their medical costs, and those of their families, are paid by the sponsoring employer.<sup>99</sup> This may take the form of health insurance, the cost of which cannot be deducted from the employee's salary without their agreement or reduce their salary

<sup>97</sup> Data for Australian workers' earnings from Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership: Australia, Cat. No. 6310.0* (Canberra, 2007). Data for 457 visa holders' earnings from Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2007/08," Table 1.11, p. 17.

<sup>98</sup> Chris Evans, "Proposed new laws to reform 457 visa program," *Minister for Immigration and Citizenship* (30 June 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/ce08058.htm>> accessed 30 June 2008.

<sup>99</sup> Changes by the Rudd Government in September 2009 mean that 457 visa holders are now responsible for all health costs and are required to have adequate insurance during their stay. See Department of Immigration and Citizenship, "Subclass 457 Health Insurance," *Temporary Business (Long Stay) - Standard Business Sponsorship (Subclass 457)* (2009) <<http://www.immi.gov.au/skilled/skilled-workers/sbs/457-health-insurance.htm>> accessed 1 March 2010.



below the MSL, or through paying the cost of any treatment.<sup>100</sup> Therefore, although these migrants are not eligible for government-funded medical care in Australia, they are not liable for the costs of any health care they may require.

While sponsoring employers are not required to provide accommodation for 457 visa holders, a number of them have. Reports have surfaced of employers exploiting their migrant workers by supplying accommodation at well above market rates. For example, one Brisbane company was accused of charging eight Filipino workers \$175 per week each to rent a four-bedroom house, which would normally rent for \$350 per week.<sup>101</sup> In an attempt to lessen the potential for such exploitation, the Government has advised migrants that they should research the rental market to make sure that they pay rent in line with the local conditions.<sup>102</sup> This is extremely difficult when the visa holder is reliant on the sponsoring employer, and enters into a contract prior to coming to Australia, making it hard to evaluate the offer of accommodation.

While in Australia, 457 visa holders are covered by Australia's freedom of association laws, which means no one can stop them joining, or make them join, a union.<sup>103</sup> Many trade unions have been vocal critics of the program, launching campaigns to end it,<sup>104</sup> but this has not prevented visa holders from

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<sup>100</sup> Department of Immigration and Citizenship, "Subclass 457-Business (Long Stay) visa, Information for workers: Accommodation, family and health care," (n.d.) <[http://www.immi.gov.au/skilled/\\_pdf/457-accom.pdf](http://www.immi.gov.au/skilled/_pdf/457-accom.pdf)> accessed 7 November 2008, p. 1.

<sup>101</sup> John Stewart, "Claims guest workers sacked for joining union," *Lateline* (Australian Broadcasting Corporation, 16 October 2006) <<http://www.abc.net.au/lateline/content/2006/s1766290.htm>> accessed 22 May 2008.

<sup>102</sup> Department of Immigration and Citizenship, "Subclass 457-Business (Long Stay) visa, Information for workers: Accommodation, family and health care," p. 1.

<sup>103</sup> Department of Immigration and Citizenship, "Subclass 457-Business (Long Stay) visa, Information for workers: Sponsors, contracts, unions and workplace conditions," (n.d.) <[http://www.immi.gov.au/skilled/\\_pdf/457-unions.pdf](http://www.immi.gov.au/skilled/_pdf/457-unions.pdf)> 7 November 2008, p. 1.

<sup>104</sup> For example see Construction, Forestry, Mining and Energy Union - Western Australia, "Campaigns: 457 Guest Workers," (n.d.) <<http://www.cfmeuwa.com/go/campaigns/457-guest-workers>> accessed 3 September 2010; Australian Manufacturing Workers' Union,

joining unions, and unions supporting their attempts to gain rights in the workplace.<sup>105</sup>

When the Keating Government announced the Roach Inquiry in August 1994, Australia was in the midst of an economic recovery after the recession of the early 1990s. The unemployment rate was 9.2 per cent, significantly higher than Australia's long-term average, and the participation rate was 62.9 per cent. This suggests that there was still unused capacity in the Australian labour market. Further, conditions in August 1996, when the 457 visa program began, do not reflect an economy operating at capacity; unemployment was 8.3 per cent, and the participation rate was 63.9 per cent.<sup>106</sup> However, the consistent growth in the size of the program since 1996 demonstrates a demand for skilled labour. One possible reason for this was the massive reduction in the number of apprentices during the recession,<sup>107</sup> which meant that although there was underutilised labour in the Australian economy, it was not of the right skill level to fill the positions. This was acknowledged by the Keating Government, which noted that any recommendations offered by the Roach Inquiry must consider the needs of the Australian economy over the next five to 10 years.<sup>108</sup>

Examining the impact of economic conditions on the 457 visa program is difficult given that it has operated in a period of almost uninterrupted growth

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"Campaigns: stop 457 visa exploitation," (n.d.)  
<<http://www.amwu.org.au/campaigns/4/457-VISA-EXPLOITATION/>> accessed 3 September 2010..

<sup>105</sup> Matthew Moore and Malcolm Knox, "Out-of-pocket' workers lose visas," *The Sydney Morning Herald*, 19 September 2007; Matthew Moore and Malcolm Knox, "Philippines calls for halt to abuse of guest workers," *The Sydney Morning Herald*, 29 August 2007; Nick O'Malley, "A nice little earner," *The Sydney Morning Herald*, 4 September 2006.

<sup>106</sup> Australian Bureau of Statistics, *Labour Force: Australia, Cat. No. 6202.0* (Canberra, 2009).

<sup>107</sup> Phillip Toner, *Getting It Right: what employers and apprentices have to say about apprenticeships* (Dusseldorp Skills Forum, October 2005) <<http://www.dsf.org.au/papers/179.htm>> accessed 17 April 2009, p. 11.

<sup>108</sup> Bolkus in Senate, "Hansard," *Parliament of Australia* (12 October 1994)  
<<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansards%2F1994-10-12%2F0062%22>> accessed 27 May 2009.

and almost continual decline in the unemployment rate. However, it can be seen that in those years where the unemployment rate did increase (2001-02 and 2008-09), the number of primary 457 visas issued fell the most, by 12.7 per cent in both cases. This suggests that, as would be expected, a rise in unemployment leads to a reduction in the number of migrant workers required by employers.

**Table 3.7: Economic Conditions in Australia during the 457 Visa Program, 1996-97-2007-08<sup>109</sup>**

Year	Unemployment Rate (%)	Participation Rate (%)	Persons Employed in ASCO 1-7 ('000)	Skilled Vacancy Index (2007=100)	Primary 457s Issued	Persons Employed in ASCO 1-7 / 457 Visa Issued
1996-97	8.3	62.9	6,636.3	95		
1997-98	8.0	63.1	6,638.1	102	16,550	401.1
1998-99	7.4	63.1	6,842.7	115	16,080	425.5
1999-00	6.6	63.1	7,002.1	130	17,540	399.2
2000-01	6.4	63.4	7,239.1	110	21,090	343.2
2001-02	6.7	63.3	7,356.3	104	18,410	399.6
2002-03	6.1	63.6	7,451.3	107	20,780	358.6
2003-04	5.6	63.4	7,623.7	109	22,370	340.8
2004-05	5.2	63.9	7,779.8	111	27,350	284.5
2005-06	5.0	64.6	8,126.3	104	39,530	205.6
2006-07	4.5	65.0	8,323.6	102	46,680	178.3
2007-08	4.2	65.4	8,597.6	98	58,050	148.1
2008-09	4.9	65.4	8,642.5	58	50,660	170.6

<sup>109</sup> Unemployment rate and participation rate are annual averages (seasonally adjusted) from Australian Bureau of Statistics, *Labour Force*. Historical data can be found at <<http://abs.gov.au/ausstats/meisubs.NSF/log?openagent&6202002.xls&6202.0&Time%20Series%20Spreadsheet&4B9480E323C6732FCA2576C6001CD0C0&0&Jan%202010&11.02.2010&Latest>> accessed 2 March 2010. Data for the number of persons employed in ASCO groups 1-7 is for August each year from Australian Bureau of Statistics, *Australian Labour Market Statistics, Cat. No. 6105.0* (Canberra, 2009). Historical data can be found at <<http://abs.gov.au/AUSSTATS/subscriber.nsf/log?openagent&table%202.%20employme nt%20type%201992-2008.xls&6105.0&Data%20Cubes&866C7EF3A5827333CA2576A400110C32&0&Jan%202010&08.01.2010&Latest>> accessed 2 March 2010. Skilled Vacancy Index is annual average trend data from Department of Education Employment and Workplace Relations, "Vacancy Report," (February 2010) <<http://www.skillsinfo.gov.au/NR/rdonlyres/C50ED9F5-5042-492A-B893-4A36E1D41230/0/VacancyReportFebruary10.pdf>> accessed 2 March 2010. Historical data can be found at <[http://www.skillsinfo.gov.au/NR/rdonlyres/C1BB4CD6-AB62-4ED0-B17E-F52B091A9244/0/VRnetfile\\_Feb10.zip](http://www.skillsinfo.gov.au/NR/rdonlyres/C1BB4CD6-AB62-4ED0-B17E-F52B091A9244/0/VRnetfile_Feb10.zip)> accessed 2 March 2010. Data for 457 visas as per Table 1.1.

Although there is some correlation between the overall economic conditions and the number of 457 visas issued, workers on these visas are restricted in which occupation they may be employed. For this reason, it is changes in the number of persons employed in ASCO groups one to seven, in which 457 visa holders are eligible to work, that should be considered. As can be seen in Table 3.7, the number of people working in these occupations has grown since the introduction of the visa in 1996, but such a result is to be expected in a growing labour force. However, it is also evident that the proportion of this workforce that is made up of workers on 457 visas has grown significantly. In 1997-98, there were over 400 workers per primary 457 visa issued; by 2008-09 this had fallen to 170, even taking into account the economic slowdown of that year. This fall is particularly noticeable after 2003-04, dropping from 340 workers to 170 in 2008-09. Interestingly, this occurred at the same time as a reduction in both the unemployment rate and the skilled vacancy index (a measure of newspaper job advertisements for professionals, associate professionals and tradespersons). The movement of both these indicators in the same direction is somewhat unexpected, with the general perception being that a slowing in economic growth leads to an increase in unemployment and a decrease in job advertisements.<sup>110</sup> The slowing economy in 2008-09 saw an increase in the unemployment rate and a dramatic fall in job advertisements, as would be expected. However, it is evident that while unemployment did rise, it was still lower than prior to 2005-06, while the skilled vacancy index had almost halved.

There are two possible reasons for this. Firstly, there may have been a significant shift away from advertising jobs in newspapers towards the internet. This proposition is supported by data that shows newspaper job advertisements remained at the same level while the number on the internet

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<sup>110</sup> Mark Kenny, "Recession fear as job ads slump," *The Advertiser*, 13 January 2009, p. 7.

grew.<sup>111</sup> Secondly, employers may have been less concerned about advertising vacancies because they could access workers through the 457 visa program.

The deterioration of the Australian economy in 2008-09 led to discussion about reducing the immigration intake.<sup>112</sup> In response, the Immigration Minister Chris Evans pointed out in Senate Estimates,

It stands to reason that, if economic activity was to come off and demand from employers for temporary labour was to come off, then the numbers on the 457 scheme would come off. You would expect there to be a direct relationship.<sup>113</sup>

This statement confirms the intention of the 457 program: it responds to the economic conditions at the time, and when unemployment is rising, the number of 457 visas applied for and issued would fall. However, anecdotal evidence from newspaper reports at the time suggests this did not happen, with some employers reportedly dismissing Australian workers while continuing to employ those on 457 visas.<sup>114</sup> This is supported by data that shows that increases in unemployment in this period did not accompany a reduction in the number of 457 visa holders working in Australia. Although there were fewer visas issued in 2008-09 than the year before, the number of

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<sup>111</sup> See data in ANZ, "Job advertisements fall again," (6 April 2009) <<http://www.anz.com/resources/8/9/892f8c804da3b8c7a2bbb339bffffa812/aj20090406.pdf>> accessed 20 April 2009, Tables 2 and 4.

<sup>112</sup> Paul Maley and Verity Edwards, "Migrant intake cut flagged," *The Australian*, 10 October 2008, p. 1; Des Moore, "Rudd must focus on key issues of domestic policy," *The Age*, 14 October 2008, p. 12; Yuko Narushima, "More want migrant intake cut," *The Sydney Morning Herald*, 13 October 2008, p. 6; Clinton Porteous, "Call to cut migrants," *The Courier-Mail*, 21 October 2008, p. 9.

<sup>113</sup> Senate Standing Committee on Legal and Constitutional Affairs, "Official Committee Hansard: Supplementary Budget Estimates," *Parliament of Australia* (21 October 2008) <<http://www.aph.gov.au/hansard/senate/committee/S11352.pdf>> accessed 31 October 2008, p. 26.

<sup>114</sup> Shane Wright, Kim MacDonald, and Peter Klinger, "1 million 'to be out of work by 2010'," *The West Australian*, 23 October 2008, p. 1; Yasmine Phillips and Kim MacDonald, "Magellan sacks lead mine staff," *The West Australian*, 24 October 2008, p. 5; Kim MacDonald, "Sack foreign workers before locals: unions," *The West Australian*, 25 October 2008, p. 4; "Harsh times expose flaws in visa scheme," *The West Australian*, 27 October 2008, p. 20.

primary 457 visa holders in Australia increased by 4 per cent.<sup>115</sup> Over this same period, overall employment in Australia fell by 0.2 per cent, and the unemployment rate increased by 1.6 percentage points.<sup>116</sup> The short-term reaction of employers to the economic downturn was to decrease overall staffing slightly, but to increase the number of 457 visa holders employed. There are a few potential reasons for this outcome. Firstly, the increases in unemployment were occurring in positions that were not able to be filled by 457 visa holders because of skill or salary restrictions, rather than those in which 457 visa holders were employed. Secondly, it may reflect a lag in employers' decisions to reduce the number of migrant workers employed. Lastly, it may indicate an employer preference to employ 457 visa holders rather than Australian workers. Nevertheless, the data suggests employers were not following the Government's recommendation that they cut the number of migrant workers before reducing the number of Australian employees.<sup>117</sup>

Introduced in the mid-1990s as a program to allow the temporary migration of workers to Australia for up to four years at a time, the 457 visa has grown into an important component of Australia's overall migration program. In addition to being restricted to four-year contracts, although they are able to renew these, 457 visa holders must work in positions considered to be skilled by the Government. Visa holders are required to have an employment contract with an approved employer, or their visa is considered invalid and they are required to leave Australia. This link between the need for a contract and a valid visa has been the basis for many union arguments against the program itself, although most unions, while opposing the program, have

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<sup>115</sup> Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2007/08," p. 10; Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2008/09," (2009) <<http://www.immi.gov.au/media/statistics/pdf/457-stats-state-territory-june09.pdf>> accessed 13 August 2009, p. 12.

<sup>116</sup> Australian Bureau of Statistics, *Labour Force*.

<sup>117</sup> MacDonald, "Sack foreign workers before locals."

offered support to workers found to be exploited by their employees. Introduced in anticipation of labour shortages, the program appears to have operated as expected, with the number of visas issued falling if unemployment rises. However, this relationship was not instantaneous, with evidence from 2008-09 suggesting that employers did not sack 457 visa holders before Australian workers.

### **The 457 visa: just another guest worker program?**

The above survey outlines a number of temporary labour migration programs that have operated throughout the world over the past century and a half. This is not an exhaustive list of such programs, but does include some of the most notable. The goal of this survey was to investigate whether the 457 visa is unprecedented. To do this, five aspects of each program were investigated: the temporary nature of the program; the skill level of the migrants; the relationship between the migrant and their employer; the migrant's broader social and political rights; and the economic conditions that existed when the program was established and operated.

All four programs were implemented with the intention of facilitating temporary labour migration, although the length of intended migration varied between them. While this was the intention of the programs, all four had to deal with the issue of over-stayers, with the *Bracero* and 457 visa programs being the strictest. However, it is evident, particularly when considering the *Bracero*, *Gastarbeiter* and 457 visa programs, that these efforts were not always successful, with a number of participants becoming permanent migrants, providing evidence for the claim that, "there is nothing more permanent than temporary foreign workers."<sup>118</sup>

In addition to the issue of over-stayers, the size of each program compared to permanent migration can provide insights into the significance of temporary

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<sup>118</sup> Ruhs, *The potential of temporary migration programmes in future international migration policy*, p. 1.

migration during each period. Again, it is apparent that the size of the 457 visa program is not unprecedented. It has been equivalent to approximately two-fifths of Australia's overall permanent migration program. In contrast, the *Bracero* program recorded numbers in excess of total permanent migration in many years. When the size of skilled migration is examined, it can be seen that the 457 visa program has been 78 per cent the size of the permanent program. This is slightly higher than for the *Gastarbeiter* program. Nevertheless, this does not suggest that the 457 visa system is significantly larger than previous guest worker programs, and data for the program itself shows that there is little evidence of it growing in comparison to permanent skilled migration. In addition, research has found that the vast majority of 457 visa holders intend to apply for permanent residency in Australia, indicating that the temporary nature of the scheme does not reflect the desires of the migrants. This brings into question the contention that there has been a significant shift away from permanent and towards temporary migration.

As part of the Australian Government's shift towards skilled migration, 457 visa holders must be employed in an occupation that is in ASCO classifications one to four (or seven for those employed in regional areas). The focus of the 457 visa program on skilled labour is quite different to previous guest worker programs, which have focused on low skilled agricultural labour, in the case of the *kanakas* and *braceros*, or did not have any occupational restrictions in the case of the *gastarbeiters*. This indicates that the 457 visa is somewhat different to previous programs. However, it is questionable whether this is a result of globalisation. While some assert that the "increased international mobility of highly skilled workers is an integral feature of contemporary globalization processes,"<sup>119</sup> and highly skilled workers have been able to take advantages of the changes purportedly due to globalisation, there is nothing inherent in the process that suggests this must

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<sup>119</sup> Hugo, "Globalization and Changes in Australian International Migration," p. 116. Also see Said Ouaked, "Transatlantic Roundtable on High-skilled Migration and Sending Countries Issues," *International Migration* 40, no. 4 (2002), p. 154.



be the case. In fact, advocates of globalisation talk of the vast number of people who will gain from globalisation, not limiting this to those who can be considered highly-skilled.<sup>120</sup> The increase in skilled migration may have occurred at the same time as globalisation, but this does not mean the two outcomes are related.

A prerequisite for migration under all of these programs was that there must be a particular position open for the migrant to fill. This was generally confirmed by way of a contract, which stipulated the requisite salary, hours and the period of employment. Significantly, the workers could be deported if this contract was cancelled. However, it is evident in the cases of *kanakas* and *gastarbeiters* that the governments involved were not concerned if they remained after their contract expired. In the cases of 457 visa holders losing their jobs, they are required to sign a new contract with another employer within 28 days or leave Australia. Further, in the cases of *kanakas*, *braceros* and 457 visa holders it was extremely difficult to change jobs, and the workers were very much under the control of their employer. This has led one scholar to note that guest workers are, “substantively unfree because of the restrictions placed on their ability to commodify their labour power.”<sup>121</sup>

However, the rights of guest workers are not only those outlined in their employment contract, they may also be entitled to broader social and political rights. As non-citizens, guest workers are ineligible to participate formally in the political process by voting or standing in elections. However, in all programs examined, they were entitled to join trade unions, although in the case of the *kanakas* and *braceros*, they were not welcomed. In contrast, German unions were supportive of the *Gastarbeiter* program, and played an important role in its development. The role of unions in the 457 visa program is not as clear. Many unions have run campaigns aimed at ending the

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<sup>120</sup> Friedman, *The Lexus and the Olive Tree*, p. 14; Ohmae, *The End of the Nation-State*, p. 8.

<sup>121</sup> Miles, *Capitalism and Unfree Labour*, p. 160.

program, but also act in solidarity with these workers on 457 visa should they experience mistreatment in the workplace.

The rationale for each guest worker program examined is that it was a response to labour shortages. In the case of the kanaka trade to Queensland in the nineteenth century, rapid growth in sugar production appears to have led to high demand for unskilled labour. Both the *bracero* and *gastarbeiter* programs were introduced in response to labour shortages brought about by the Second World War, and played critical roles in the restructuring of the United States and German economies by supplying low-skilled workers in occupations that domestic workers no longer wanted to work in. In contrast, the economic data suggests there was much unused capacity in the Australian economy in the early to mid-1990s when the 457 visa program was developed and introduced. The Australian economy was recovering from recession, and although unemployment was falling, it was still relatively high and had further to fall. Nevertheless, the immediate popularity of the 457 visa and labour shortages in Australia since this period, particularly in more highly skilled occupations, suggest the Government observed that skill shortages may present an impediment to future economic growth.

It is significant that the two programs examined that facilitated migration across much of the economy, the *Gastarbeiter* and 457 visa programs, reacted in a similar manner when unemployment rose. A rise in unemployment led to a fall in the number of workers migrating under both programs, although data from 2008-09 shows this may not always be immediate in the case of the 457 visa program.

While there are many similarities between the 457 visa program and previous guest worker programs, two differences should be highlighted. Firstly, as previously noted, the 457 visa program's specific focus on highly skilled workers is in contrast to the other programs, which have either focused on low skilled occupations in particular industries, or had no particular

occupational focus. Secondly, the 457 visa program is different because workers from any other country may apply. In the case of the *kanakas*, all were from Pacific Islands. The *Bracero* program was specifically between the United States and Mexico, while the *Gastarbeiter* program was between Germany and a small number of countries in southern and eastern Europe. In comparison, the 457 visa is not restricted to workers from particular countries. This is a significant difference, particularly when looking at the impact of globalisation, and will be investigated in the next chapter, where the issue of the 457 visa program and a global labour market is discussed.

The evidence presented suggests that former Immigration Minister Vanstone was incorrect to describe the claim that “the 457 visa is just another name for ‘guest worker’” as a myth.<sup>122</sup> Few would dispute that the programs that facilitated the migration of *kanakas*, *braceros* and *gastarbeiters* were guest worker programs, and given the number of similarities between these and the 457 visa program, such a description again appears valid. Although the debate over whether 457 visa holders are guest workers may be seen as insignificant, attempts to argue they are not should be seen as part of the wider attempt to portray the program as unprecedented. Further, claims that the program represents a paradigmatic shift in international migration appear to overstate its novelty. The substantial similarities between the 457 visa program and other temporary labour migration programs that existed prior to the advent of globalisation suggest it is not a response to globalisation.

## Conclusion

Implied in the assertion that there has been a “paradigmatic shift” from permanent to temporary labour migration, is that current migration is fundamentally different to previous migration. As the 457 visa is a major

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<sup>122</sup> Amanda Vanstone, “Leading Academics Applaud the 457 Visa,” *Minister for Immigration and Multicultural Affairs* (15 August 2006) <<http://pandora.nla.gov.au/pan/67564/20071110-0000/www.minister.immi.gov.au/media/media-releases/2006/v06128.html>> accessed 17 September 2010.

component of the Australian temporary labour migration program, it would be expected that it provides an example of this shift. However, evidence presented in this chapter suggests this is not the case. Temporary labour migration to Australia existed prior to the introduction of the 457 visa program, and although there has been some increase in its size compared to permanent migration, there has not been a substantial change, particularly when compared to skilled permanent migration. Further, it is evident that when compared to permanent migration, the 457 visa is not significantly larger than previous programs that also facilitated similar movement.

While the 457 visa program has grown in popularity since it was introduced, this may be a response to the Government's emphasis on encouraging migration that is beneficial to the Australian economy, and not a significant shift in the type of migration that people want. Evidence of this can be seen from data that shows that 84 per cent of 457 visa holders had applied, or intended to apply, for permanent residency.<sup>123</sup> That the 457 visa scheme has grown in popularity appears to be a reflection of a change in Government policy rather than a fundamental change in how people view migration.

An analysis of the operation of different temporary labour migration programs shows that the fundamental nature of the 457 visa scheme has precedents in the migration of *kanakas*, *braceros* and *gastarbeiters* programs. All four required the worker to have a contract with an employer in the destination country before they could enter, and this contract provided the basis for their continued presence in the country. Further, these programs were all implemented with the intention of alleviating labour shortages, with the belief that should the shortages disappear, the workers would return home.

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<sup>123</sup> Khoo, McDonald, and Hugo, *Temporary Skilled Migrants in Australia: Employment Circumstances and Migration Outcomes*, Table 14.

Nevertheless, there are two differences between the 457 visa and the other programs examined. Firstly, the 457 visa is targeted at skilled workers, whereas the other programs were either focused on agricultural labourers or not targeted at all. Some research has linked globalisation to the growth in the knowledge economy and migration of the highly skilled, suggesting the 457 visa is a response to globalisation. However, while it may be the case that highly skilled workers have gained, there is nothing intrinsic in globalisation that means that they, and not other types of workers, should reap the rewards.

Secondly, the 457 visa is open to citizens of any country while the other guest worker programs were specifically established for migration between particular countries. This does suggest that the 457 visa program is more 'global' than previous examples. A more detailed discussion of this is provided in the next chapter.

Given that globalisation is considered an unprecedented process and the reason for the introduction of the 457 visa in the mid-1990s, one would expect to find clear differences between it and previous examples of migration. This is not the case. Evidence shows that while there are some differences between migration under the 457 visa program and previous programs, all of those surveyed are fundamentally similar. In contrast to Hugo's findings, there does not appear to have been a "paradigmatic shift" in international migration to Australia reflected in the introduction of various temporary visas, including the 457 visa.

## Chapter Four: The 457 visa as part of the global marketplace

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As is inherent in the term globalisation, and is shown by the definitions of the term provided in Chapter Two, anything that is said to result from the process must involve a large number of countries. Held and McGrew's definition mentions "global flows" and "worldwide systems and networks,"<sup>1</sup> while Friedman talks about how people, companies and nation-states can now "reach around the world."<sup>2</sup> Politicians also note how globalisation is a process that involves all countries. As Peter Costello said, globalisation "is a description of the fact that countries and their citizens are affected by other people, or governments, or businesses, or decision-makers all around the world."<sup>3</sup>

When discussing how globalisation has affected migration, Hugo notes that nearly every country is now involved in the process, either as a receiving country, source country, or both. He contends that in previous periods, migration was a relatively unusual activity that involved only a few countries, but that globalisation has fundamentally changed this. To demonstrate, he acknowledges that while countries such as Australia and the US have traditionally been the main destination of migrants, predominantly from Europe, immigrants are now heading to and coming from a variety of countries.<sup>4</sup>

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<sup>1</sup> Held and McGrew, "The Great Globalization Debate: An Introduction," p. 3.

<sup>2</sup> Friedman, *The Lexus and the Olive Tree*, p. 9.

<sup>3</sup> Peter Costello, "Challenges and Benefits of Globalisation: Address to the Sydney Institute," *Treasurer* (25 July 2001)  
<<http://www.treasurer.gov.au/tsr/content/speeches/2001/003.asp>> accessed 9 November 2007.

<sup>4</sup> Graeme Hugo, "Globalization and Changes in Australian International Migration," *Journal of Population Research* 23, no. 2 (2006), p. 108.

This chapter first looks at the development of what has been described as the global marketplace. After looking at how this has influenced opinions on the costs and benefits of globalisation in relation to investment and products, the development of a global labour market is examined. In particular, this chapter looks at whether evidence of such a market can be seen by examining the origins of 457 visa holders. The expectation is that due to the role of globalisation in its formation, the program should involve workers from a range of countries and not be dominated by a few.

To do this, it uses four measures. Firstly, it looks at the proportion of 457 visa holders that come from the top five source countries and whether the identity of these countries has changed. Next, it examines whether there has been a shift away from those countries seen as being traditional sources of migration to Australia, namely the United Kingdom and Europe. Thirdly, it questions whether there has been an increase in the proportion of 457 visa holders coming from developing countries. Lastly, this chapter examines whether the 457 visa program can be better characterised as being a result of regionalisation, not globalisation, by looking at the proportion of visa holders that come from countries in Australia's region. The results for the 457 visa are compared to those for total permanent migration and skilled permanent migration. While it is often asserted that the 457 visa program is a response to globalisation, this argument is rarely made about permanent migration. If these assertions are correct, then the 457 visa scheme should appear more globalised than these other forms of migration.

## **The global marketplace**

One of the alleged effects of globalisation is the development of what has commonly been referred to as the global marketplace.<sup>5</sup> Here, individuals are

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<sup>5</sup> Seyla Benhabib, "Borders, Boundaries, and Citizenship," *PS: Political Science and Politics* 38, no. 4 (2005), p. 676; Helen Lachs Ginsburg et al., "The Challenge of Full Employment in the Global Economy: Editorial Introduction," *Economic and Industrial Democracy* 18, no. 1 (February 1997), p. 6; Anthony Giddens, *The Third Way: The Renewal of Social Democracy*

able to sell goods and services, including their labour, in “a marketplace the size of the whole wide world.”<sup>6</sup> While globalisation is supposed to open up a world-wide market in which people might sell their labour, the majority of references to a global marketplace have been related to capital and products. According to many globalists, the development of this global marketplace means products and capital are able to move across national borders without the intervention of governments. Furthermore, for supporters of the process, such movement facilitates global solutions.<sup>7</sup> However, for the purposes of this chapter, it is not the ability of markets to solve problems that is important, but rather the concept of a world-wide market.

The ability of corporations to chase higher profits by moving from country to country was one of the most contentious aspects of globalisation at the turn of the century. Advocates of the process claim that reduced barriers mean more investment and employment opportunities.<sup>8</sup> In particular, this is seen as providing great benefits to developing countries. As former Prime Minister Howard noted, “if the opportunities of globalisation are taken up they can lead to more jobs, more investment and ultimately stronger sustainable economic growth.”<sup>9</sup>

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(Cambridge: Polity Press, 1998), p. 64; Robert O'Brien and Marc Williams, *Global Political Economy: Evolution and Dynamics* (Basingstoke: Palgrave MacMillan, 2004), p. 173; Kenichi Ohmae, *The End of the Nation-State: The Rise of Regional Economics* (London: HarperCollins, 1995), p. 8; Julie Bishop, “Address to the Sydney Institute,” *Minister for Education, Science and Training* (19 July 2006) <<http://www.dest.gov.au/ministers/media/bishop/2006/07/b011240706.asp>> accessed 9 November 2007; Leslie Sklair, “Who are the globalisers? A study of key globalisers in Australia,” *Journal of Australian Political Economy* 38 (December 1996), p. 16.

<sup>6</sup> Friedman, *The Lexus and the Olive Tree*, p. 306.

<sup>7</sup> Ohmae, *The End of the Nation-State*, p. 4.

<sup>8</sup> David Dollar, “Globalization, Poverty, and Inequality,” in *Globalization: What's New*, ed. Michael M. Weinstein (New York: Columbia University Press, 2005), pp. 96-128; Jagdish Bhagwati, “Anti-globalization: why?,” *Journal of Policy Modeling* 26 (2004), pp. 439-463.

<sup>9</sup> John Howard, “Transcript - Address at World Economic Forum, Melbourne, Victoria,” *Prime Minister*, (11 September 2000) <<http://pandora.nla.gov.au/pan/10052/20080118-1528/pm.gov.au/media/Speech/2000/speech440.html>> accessed 24 February 2010.



While this ability is often a defining feature of supporters' defence of globalisation, it is also at the core of many opponents' critiques of the process. The ability of multinational companies to exploit the environment and workforce of developing countries by moving production was at the core of much of the protest movement that developed.<sup>10</sup> Opponents such as Klein demonstrate how large companies from developed countries have shifted their production to developing countries to access conditions conducive to high profits.<sup>11</sup> The shift in production took two general forms. Firstly, companies could move their production to another, cheaper country. The second option was to divest themselves of the production process, and outsource the production of goods to third parties in a developing country.

Many trade unions, particularly those in the United States, saw the first type of shift as possibly leading to devastating results for the workers they represented. Of particular concern to US unions was a potentially huge shift in employment to Mexico due to the introduction of the North American Free Trade Agreement (NAFTA) in 1994. A number of companies observed the difference in wages and employment conditions between the two countries, and raised the possibility that to continue to operate in the US they would need to reduce these, or move production to Mexico.<sup>12</sup> Nevertheless, research by Bronfenbrenner finds that although the threat of closing

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<sup>10</sup> For information on the issues concerning these protest movements and the actions undertaken, see Yuen, Katsiaficas, and Rose, *The Battle of Seattle*; One Off Press, *On Fire: The battle of Genoa and the anti-capitalist movement*; Neale, *You Are G8, We Are 6 Billion: The Truth Behind the Genoa Protests*.

<sup>11</sup> Klein, *No Logo*. Also see Richard P. Appelbaum, "Fighting Sweatshops: Problems of Enforcing Global Labor Standards," in *Critical Globalization Studies*, ed. Richard P. Appelbaum and William I. Robinson (New York and London: Routledge, 2005), pp. 369-378; Angie Ngoc Tran, "Sewing for the Global Economy: Thread of Resistance in Vietnamese Textile and Garment Industries," in *Critical Globalization Studies*, ed. Richard P. Appelbaum and William I. Robinson (New York and London: Routledge, 2005), pp. 379-392.

<sup>12</sup> For an analysis of how the movement of production to other countries is expected to affect the US labour market, see Syud Amer Ahmed, Thomas W. Hertel, and Terrie L. Walmsley, "Outsourcing and the US Labour Market," *The World Economy* 34, no. 2 (February 2011), pp. 192-222.

production became an integral element of campaigns by employers to reduce the influence of unions, of those companies where unions won elections to represent the workers, only 12 per cent of those employers who made this threat followed through on this threat.<sup>13</sup> That so many companies made this threat but decided against carrying it out, supports Hirst and Thompson's claim that globalisation is used by governments and businesses to force unpopular decisions upon the public.<sup>14</sup>

Rather than analysing businesses that relocated their operations to developing countries, Klein's *No Logo* investigates the thesis that major western multinational companies have shifted their primary role from manufacturing and production to brand development and management. This means that companies such as *Nike*, *Levi Strauss* and *Adidas* produce the brand, but outsource the production of the actual commodities to other businesses. This leads Klein to note that this "is not a job-flight story. It is a flight-from-jobs story."<sup>15</sup> The production of the clothes, shoes and other products sold by these companies is generally undertaken in factories in third world countries, particularly in South East Asia, where reports of extensive worker exploitation are common. Although most large multinational companies have signed various codes of conduct outlining the employment conditions of their workers, the outsourcing of production means that they often claim it is not their responsibility to ensure these standards are met. Rather, they argue that it is the job of those smaller businesses which own the factories.<sup>16</sup>

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<sup>13</sup> Kate Bronfenbrenner, "Final Report: The Effects of Plant Closing or Threat of Plant Closing on the Rights of Workers to Organize," *Cornell University ILR School* (30 September 1996) <<http://digitalcommons.ilr.cornell.edu/intl/1>> accessed 28 April 2009, p. 25.

<sup>14</sup> Hirst and Thompson, *Globalization in Question*, p. 6.

<sup>15</sup> Klein, *No Logo*, pp. 215-253.

<sup>16</sup> Paul Kenyon, "Gap and Nike: No Sweat?," *Panorama* (BBC-1, 15 October 2000), <[http://news.bbc.co.uk/1/hi/english/static/audio\\_video/programmes/panorama/transcripts/transcript\\_15\\_10\\_00.txt](http://news.bbc.co.uk/1/hi/english/static/audio_video/programmes/panorama/transcripts/transcript_15_10_00.txt)> accessed 12 August 2009.

To encourage such investment by multinational corporations, the governments of developing countries have attempted to establish conditions that are conducive to higher profits. Some have gone as far as to create what are called export processing zones (EPZs), which are areas where the normal economic regulations, in particular trade tariffs and quotas, do not apply. In addition, many of the countries' labour market laws are also suspended in these areas, making them very attractive to multinational corporations. The effect of these EPZs is to connect these countries to the global market, and, some claim, to slow the migration of labour to more developed countries as workers are now able to remain in their own country and find employment.<sup>17</sup>

While EPZs encourage the migration of capital to developing countries, rather than labour migration in the opposite direction, this is only possible in particular industries. For example, many textile, clothing and footwear companies have shifted production to developing countries, as it is cheaper to pay additional transport costs to bring the products to the buyers than to pay the additional costs of production in developed countries. On the other hand, some industries cannot take advantage of the economic benefits of producing in developing countries. Industries such as construction, gas and electricity provision, and personal services, such as hospitality and hairdressing, must be provided in the country of consumption. Businesses operating in these industries are therefore prevented from taking advantage of EPZs.

There has therefore been much discussion about the ability of companies to access a global marketplace. However, there has also been significant interest in the development of a global marketplace for labour. This means that rather than capital moving to find cheap labour, workers are able to migrate to other countries to work in immobile industries such as construction.

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<sup>17</sup> Reginald Appleyard, "International Migration Policies: 1950-2000," *International Migration* 39 (February 2001), p. 14.

As shown in the previous chapter, the migration of labour is not a new phenomenon. The use of temporary migrant workers has obviously existed for well over a century, and people have long migrated for the purpose of employment. In the mid-nineteenth century, Marx and Engels examined the impact of Irish workers on the English workforce.<sup>18</sup> Prior to his work with Marx, Engels had noted the importance of Irish migrants to the rapid growth of the English economy during the Industrial Revolution.<sup>19</sup> The role of Irish migrants continued to be examined by Engels and Marx, noting that not only did their labour power contribute to the English economy, but that their introduction divided the working class in England into two antagonistic groups. In a resolution presented to the International Workingmen's Association, Marx noted that the "average English worker hates the Irish as a competitor who lowers his wages and level of living", and that the bourgeoisie understands that "in this antagonism lies the real secret of maintaining its power."<sup>20</sup>

While it is evident that labour migration was critical to the growth of English industry, this does not necessarily indicate that this was the result of globalisation. Migration from one country to another, although evidence of a labour market that expands beyond one country, does not prove the existence of a global labour market. Such a market would involve migrants from many more countries. This is what Bukharin described when he discussed a world labour market in the early twentieth century:

Just as within the framework of "national economy" the distribution of labour power among the various production branches is regulated by the scales of wages which tend to one level, so in the framework of world

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<sup>18</sup> Karl Marx and Friedrich Engels, *Ireland and the Irish Question*, ed. R. Dixon (Moscow: Progress Publishers, 1971).

<sup>19</sup> Frederick Engels, *The Conditions of the Working-Class in England in 1844* (London: George Allen & Unwin, 1936), p. 90.

<sup>20</sup> Peter Berresford Ellis, *A history of the Irish working class* (London and Chicago: Pluto Press, 1985), p. 147.

economy the process of equalising the various wage scales is taking place with the aid of migration.<sup>21</sup>

Bukharin believed that while the laws of labour supply and demand led to movement of labour within national borders, the same process was also underway on a global scale. This is the same argument that is advanced by globalists almost one hundred years later, arguing that national labour markets have been subsumed into a global labour market.<sup>22</sup> It is this belief that provided the basis for the introduction of the 457 visa scheme.

In the press release announcing that the Government had decided to implement the program, former Immigration Minister Philip Ruddock noted that Australian companies had told him that a “quick and smooth transfer of key skills is a fundamental international market reality.”<sup>23</sup> This belief that the 457 visa system allows Australian business to access the global labour market has continued to be noted by many researchers. Hugo describes the link between temporary labour migration and globalisation as “a close one,” which can be seen in the “internationalization of labour markets,”<sup>24</sup> while others suggest that such migration “reflects the reality of today’s global

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<sup>21</sup> Bukharin, *Imperialism and World Economy*, p. 39.

<sup>22</sup> Siew-Ean Khoo et al., *A Global Market: The Recruitment of Temporary Skilled Labour from Overseas* (Canberra: Prepared for the Department of Immigration and Multicultural and Indigenous Affairs, 2004); Badrinath Rao, *Economic Migrants in a Global Labour Market: A Report on the Recruitment and Retention of Asian Computer Professionals by Canadian High Tech Firms.*, CPRN Discussion Paper. (Ottawa: Canadian Policy Research Networks, July 2001) <<http://eric.ed.gov/PDFS/ED479796.pdf>> accessed 3 September 2010; Siew-Ean Khoo et al., “A Global Labor Market: Factors Motivating the Sponsorship and Temporary Migration of Skilled Workers to Australia,” *International Migration Review* 41, no. 2 (2007), pp. 480-510; Philip Martin, *Migrants in the global labor market* (Global Commission on International Migration, September 2005) <<http://www.gcim.org/attachements/TP1.pdf>> accessed 10 May 2007.

<sup>23</sup> Philip Ruddock, “Streamlined Temporary Business Entry Approved,” *Minister for Immigration and Multicultural and Indigenous Affairs* (5 June 1996) <<http://pandora.nla.gov.au/pan/67564/20070202-0000/www.minister.immi.gov.au/media/media-releases/1996/r96021.html>> accessed 22 February 2010.

<sup>24</sup> Hugo, “Globalization and Changes in Australian International Migration,” p. 110.

marketplace.”<sup>25</sup> It has also been suggested that the introduction and changes to temporary visas are part of an Australian Government “economic strategy which forces Australian businesses into the global market-place.”<sup>26</sup>

There is no doubt that the 457 visa system enables businesses in Australia to access labour from other countries, as shown by the number of visas granted. However, as noted above in relation to Irish migration to England, there does not have to be a global labour market for this to occur. For a migration system to be described as global, and therefore the result of globalisation, it should involve migrants from a large range of countries. At first glance, the 457 visa appears to be globalised from this perspective. As noted in the previous chapter, a major difference between the 457 visa and previous guest worker programs is that citizens of any country can apply for a visa. To participate in the Kanaka, *Bracero* or *Gastarbeiter* programs, workers had to come from particular countries. In this sense, the argument that the 457 visa is a response to globalisation is supported. However, one must not only look at the regulations governing the program, but also the origins of visa holders to determine whether globalisation is affecting its operation.

### **457 visa as “global” labour mobility**

There are a number of ways to examine the origins of 457 visa holders. This chapter presents four methods and analyses whether the origin of participants in the program provides evidence of it being affected by globalisation.

Firstly, one can examine whether a small number of countries contribute a high proportion of migrants. If migration has become truly global and involves “almost all nations of the world,”<sup>27</sup> then one would expect that 457

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<sup>25</sup> B. Lindsay Lowell, “Skilled temporary and permanent immigrants in the United States,” *Population Research and Policy Review* 20, no. 1 (2001), p. 54.

<sup>26</sup> Bob Birrell and Ernest Healy, “Globalisation and Temporary Entry,” *People and Place* 5, no. 4 (1997), p. 43.

<sup>27</sup> Hugo, “Globalization and Changes in Australian International Migration,” p. 108.

visa holders come from a large number of countries. Further, it would be anticipated that no one country, or small group of countries, has produced the bulk of the program's participants. To determine whether this is true or not, the proportion of migrants from the top five contributing countries is examined. It is expected that this proportion has been quite low and has fallen over time.

In addition to the proportion of total visa holders that have come from the top five source countries, the composition of this top five can also be analysed. If the identity of the countries represented each year has changed, this suggests that although a country may dominate one year, this is not a permanent situation. On the other hand, if the top five has comprised the same countries every year, and the proportion of the total this represents has remained high, then one would conclude that a few source countries have dominated the program.

As noted, Hugo acknowledges that Australia, along with Canada, the US and New Zealand, is a traditional immigration country. Accordingly, he believes that globalisation has meant that while Australia continues to be a popular destination, there has been a shift away from the domination of migration from Europe.<sup>28</sup> Noting the historical role played by immigration to Australia, this chapter examines whether there has been a move away from migration from the traditional source countries, in particular the United Kingdom and Europe, towards migration from other countries.

The declining importance of these traditional source countries has allegedly occurred because of the growth in the number of migrants from developing countries. This change has been so significant that Hugo noted that the flow of migrants from less-developed to more-developed countries is now

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<sup>28</sup> Ibid.

dominant.<sup>29</sup> One would therefore expect that there has been growth in the proportion of 457 visa holders from developing countries, and if Hugo's claim is correct, that a majority now come from these countries.

Finally, this chapter examines whether the origins of migrants may be better characterised as a being a result of regionalisation, a concept used by Held et al. to describe previous forms of migration that were not global.<sup>30</sup> The proportion of 457 visa holders from the Asia-Pacific region is therefore analysed, to determine whether the program has primarily attracted workers from these countries.

Each of these measures is used to investigate whether the 457 visa program has become globalised, but by themselves they do not examine whether it is more globalised than other forms of migration. For this reason, where possible the results are compared to data about other types of migration to Australia. Firstly, it is compared to Australia's permanent migration system. Given the contention that globalisation has led to a fundamental change in Australian migration away from permanent migration towards temporary migration, one would expect that the 457 visa program would be more globalised than the permanent migration program. Further, a comparison is provided between the origins of 457 visa holders and permanent skilled migrants. Although, as explained in the previous chapter, there is no inherent link between globalisation and the skill level of migrants, one would expect that there may be bias towards migrants from countries that have educational and linguistic similarities with Australia.

Two notes on the data in this chapter are necessary. Firstly, the issue of migrants from New Zealand must be considered. As they do not require a

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<sup>29</sup> Ibid.

<sup>30</sup> David Held et al., *Global Transformations: Politics, Economics and Culture* (Oxford: Polity, 1999), pp. 283-326.



visa to work in Australia, they do not access the 457 visa. In contrast, they represent a significant proportion of those who settle permanently in Australia.<sup>31</sup> So as not to distort the data, migrants from New Zealand are not included in the number of permanent settlers.

Secondly, data on the 457 visa program has come primarily from the Department of Immigration and Citizenship. Where possible, data is presented back to the start of the program in 1996-97. However, in personal correspondence with the author, the Department has noted that data on the early years of the program is “very poor and unreliable.”<sup>32</sup> For this reason, only the number of visa holders from the top ten source countries and the total number of visas granted is available prior to 2003.

### ***Top five source countries***

One of the alleged results of globalisation is an increase in the number of countries acting as sources of migration.<sup>33</sup> This should lead to a greater diversity in source countries and less reliance on a small number of countries to provide the majority of migrants. One way to determine this is to examine the proportion of migrants from the top five source countries. A small contribution suggests that migrants come from a range of countries, whereas a high contribution shows that migrants from a small number of countries provide the bulk of new arrivals.

The figure below shows the proportion of permanent and 457 visa migrants from the five largest contributing countries each year. As can be seen from

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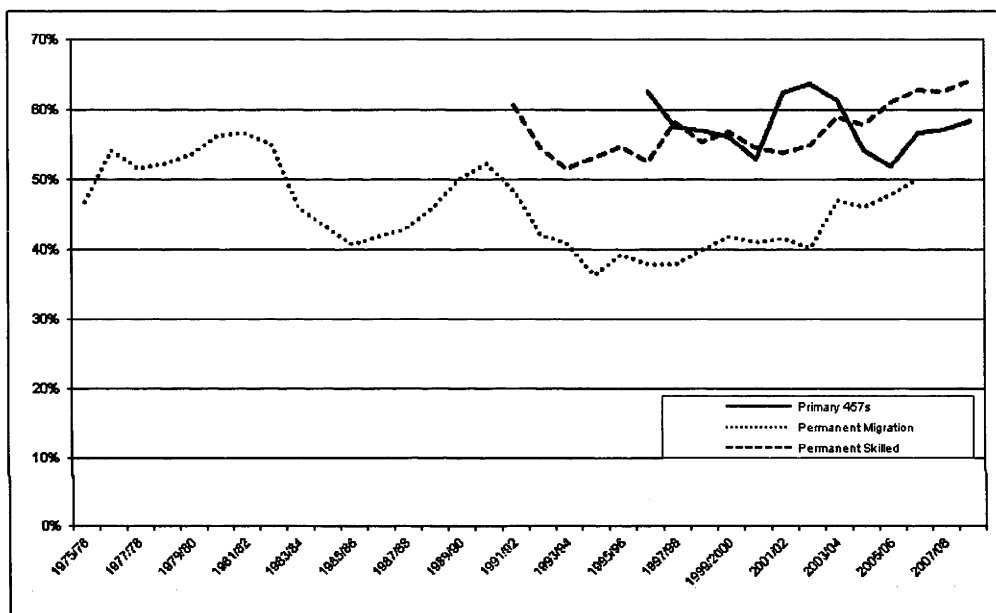
<sup>31</sup> Between 1975/76 and 2006/07, New Zealanders represented 14 per cent of all permanent arrivals to Australia. See Australian Bureau of Statistics, *Migration, Australia, 2006-07, Cat. No. 3412.0* (Canberra, 26 March 2008)  
<[http://www.abs.gov.au/AUSSTATS/subscriber.nsf/log?openagent&3412do0001\\_200607.xls&3412.0&Data%20Cubes&6A3757E70A332F03CA25741700117EA1&0&2006-07&26.03.2008&Latest](http://www.abs.gov.au/AUSSTATS/subscriber.nsf/log?openagent&3412do0001_200607.xls&3412.0&Data%20Cubes&6A3757E70A332F03CA25741700117EA1&0&2006-07&26.03.2008&Latest)> accessed 23 November 2009.

<sup>32</sup> Email from officer in Department of Immigration and Citizenship to author, 28 April 2009.

<sup>33</sup> Hugo, “Globalization and Changes in Australian International Migration,” p. 108.

this figure, the proportion of 457 visa holders from the five largest contributors has always been above fifty per cent. Further, there does not appear to be a long-term trend towards a higher or lower proportion, with the annual results oscillating around the long-term average of 58 per cent. The latest data, for 2008-09, shows a continuation of the upward trend experienced since 2005-06, with the proportion reaching 59 per cent.<sup>34</sup>

**Figure 4.1: Proportion of migrants from five largest contributing countries, 1975-76 – 2008-09.**<sup>35</sup>



One reason that the proportion for the 457 visa has not fallen may be that globalisation had already affected migration prior to the beginning of the program. This is supported by the Keating Government's decision to convene the Roach Inquiry to investigate how Australia could best cope with

<sup>34</sup> Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2008/09," (2009) <<http://www.immi.gov.au/media/statistics/pdf/457-stats-state-territory-june09.pdf>> accessed 13 August 2009, Table 1.05, p. 04.

<sup>35</sup> Data on 457 visa provided to author by Department of Immigration and Citizenship. Data on overall permanent migration from Australian Bureau of Statistics, *Migration*. Data on skilled permanent migration from Department of Immigration and Citizenship, "Settlement Reporting" (n.d.) <<http://www.immi.gov.au/settlement/>> database accessed 7 September 2010.

changes in migration brought about by globalisation, which implies that it had already started to affect migration.<sup>36</sup> The proportion of permanent migrants from the top five contributing countries should provide evidence to confirm or deny this. As shown in Figure 4.1, this proportion fell from over fifty per cent in 1990-91 to 36 per cent in 1994-95. This may have led some to believe that globalisation was affecting the pattern of permanent migration to Australia, and thus suggested that changes were needed to the overall system to reflect this shift. However, while the proportion remained quite low throughout the 1990s, it has since returned to 50 per cent. If globalisation was affecting permanent migration to Australia, its effect seems to have reversed since the mid-1990s, with a shift towards a migration program where a smaller number of countries contribute a growing proportion of migrants.

However, this is not the most significant result of a comparison of the top five source countries. As is obvious from Figure 4.1, although the proportion for permanent migration has risen since the mid-1990s, it is still lower than that for 457 visa holders. The data suggests that the 457 visa system is as globalised as permanent migration was in the late 1970s and early 1980s. This is not the result one would expect for a program introduced with the intention of responding to globalisation.

Nevertheless, such a comparison does not take into account the potential impact of the skill restrictions placed on some visa types. Figure 4.1 shows that those visa holders, whether temporary or permanent migrants, who are required to display a particular skill level, come from a less diverse range of countries. Interestingly, from 1996-97 to 2008-09 the annual average contribution of the top five countries to both temporary and permanent skilled migration was 58 per cent. That the data for both forms of skilled migration is similar indicates that the skill requirements placed on these

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<sup>36</sup> Committee of Inquiry into the Temporary Entry of Business People and Highly Skilled Specialists, *Business Temporary Entry*, p. 84.

migrants, rather than the temporary or permanent nature of the migration, affect the diversity of source countries, and that Australia's permanent skilled migration program is just as 'globalised' as the 457 visa program.

### ***Composition of Top Five Countries***

Although the top five source countries have dominated the 457 visa program, one should also consider the composition of these top five. From 1996-97 to 2008-09, only nine countries appeared in this group. Further, in each year between 1999-2000 and 2003-04, the same five countries contributed the most 457 visa holders. In particular, the dominance of the UK is evident, having been the top contributor in every year of operation. The importance of migrants from the UK to the 457 visa program is demonstrated by the fact that the lowest annual proportion of total 457 visa holders that were from that country was 23 per cent in 2007-08, whereas the highest ever contribution by any other country was 15 per cent by India in 2008-09.

A similar story can be seen in relation to permanent migration. Again, between 1996-97 and 2008-09 only nine countries appeared in the annual top five.<sup>37</sup> The United Kingdom, China and South Africa were present each year, while India was present in ten years and the Philippines in eight. These countries were consistently at the top of the list of source countries for permanent migration, with countries such as Hong Kong, Malaysia and Sudan taking out fifth place in different years.

The domination of a small group of countries is also evident in relation to permanent skilled migration to Australia. In the thirteen years examined, the United Kingdom, China and South Africa appeared in the top five each year, while the only year that India was not present was 1996-97, where it was the sixth largest contributor. Migration in this stream has therefore been

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<sup>37</sup> Department of Immigration and Citizenship, "Settlement Reporting."

dominated by these four countries, indicating that the diversity of permanent skilled migrants to Australia is very limited.

Overall, although the 457 visa program is said to be a response to globalisation, it does not have a more diverse group of countries contributing the majority of participants than permanent migration. Therefore, from this perspective all forms of migration examined appear to be as globalised as each other.

### ***Australia as a traditional immigrant nation***

As many authors note, Australia, along with New Zealand, Canada and the US, has traditionally been a destination for many migrants.<sup>38</sup> In particular, immigrants from the UK and Europe have flocked to these countries in search of a new life. According to Hugo, this has now changed.<sup>39</sup>

As noted above, the UK has continued to be the most popular source of temporary workers in Australia. However, one would expect that if Hugo's contention was true for the 457 visa system, then the proportion of visa holders from the UK and Europe would have fallen during its operation. Figure 4.2 shows how the proportion from these countries has changed over the life of the program.

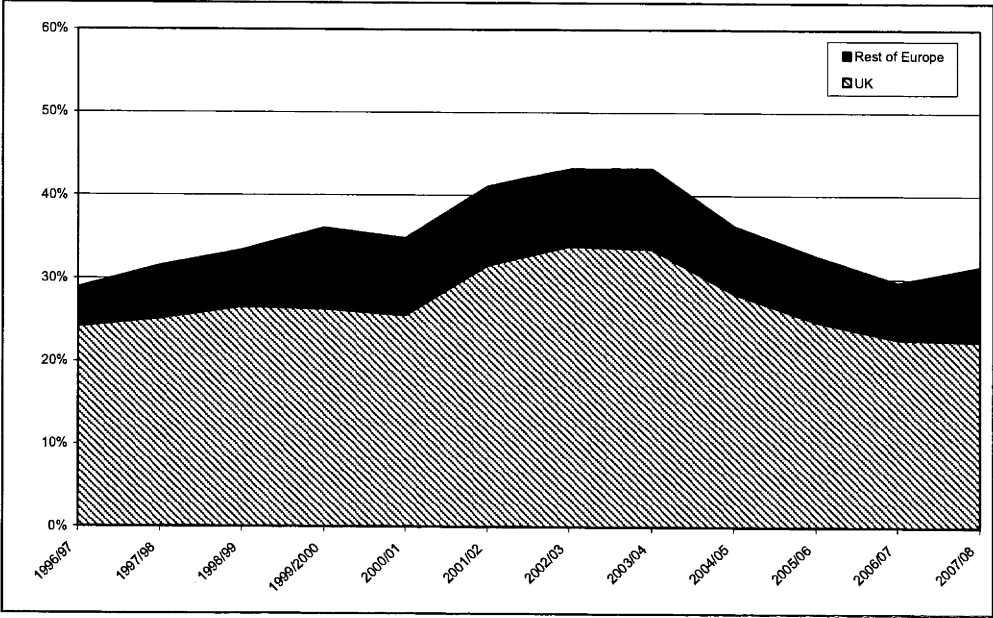
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<sup>38</sup> Thomas K. Bauer, Magnus Lofstrum, and Klaus F. Zimmerman, "Immigration Policy, Assimilation of Immigrants, and Natives' Sentiments Towards Immigrants: Evidence from 12 OECD Countries," *UC San Diego, Working Papers, Center for Comparative Immigration Studies* (2001)

<<http://www.escholarship.org/uc/item/1m58x0z3?query=traditional;hitNum=1#>> accessed 14 January 2010 p. 1; Christine Inglis, "Transnationalism: An Australian Perspective," *Brown Journal of World Affairs* 8, no. 2 (Winter 2002), p. 187; Roslyn Cameron and Jennifer L. Harrison, "Australian human resource practitioner views & use of temporary skilled migration," in *Justice and Sustainability in the Global Economy* (presented at the 10th International Federation of Scholarly Associations of Management, Paris, 2010) <[http://epubs.scu.edu.au/cgi/viewcontent.cgi?article=1458&context=comm\\_pubs](http://epubs.scu.edu.au/cgi/viewcontent.cgi?article=1458&context=comm_pubs)> accessed 19 January 2011, p. 4.

<sup>39</sup> Hugo, "Globalization and Changes in Australian International Migration," p. 108.

**Figure 4.2: Proportion of 457 visa holders from the United Kingdom and Europe, 1996-97-2007-08.<sup>40</sup>**



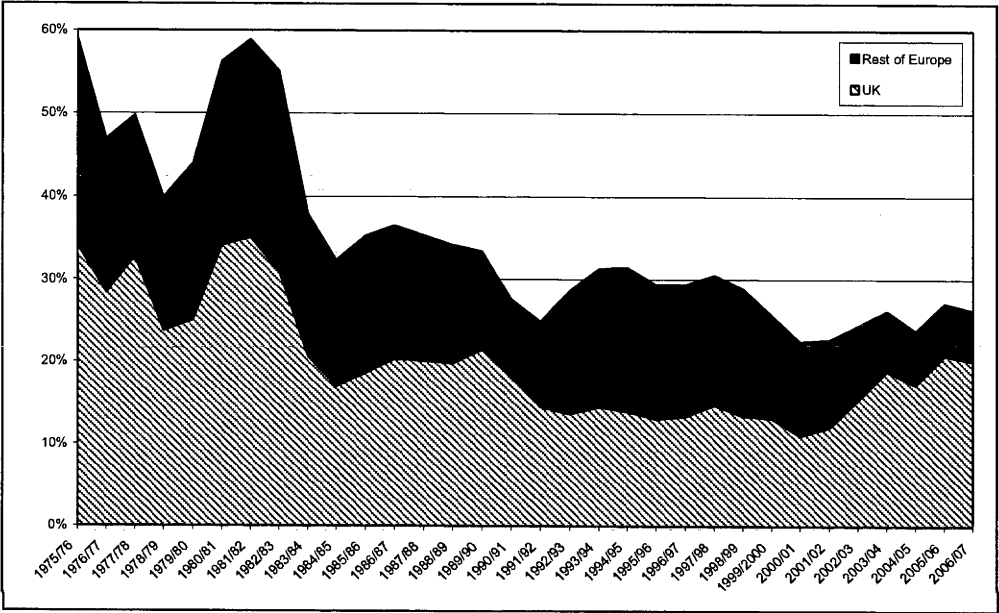
There has not been a significant shift away from 457 visa holders from the UK and Europe. Between 1996-97 and 2003-04 there was a growth in the proportion of visa holders from Europe, but this trend has reversed since 2003-04. The latest results are very similar to those from 1996-97. Overall, there is no evidence of a shift away from 457 visa holders from European countries, which have contributed approximately one in every three worker who has migrated under the program.

It is also possible to compare the 457 visa program with temporary skilled migration to Australia from the United Kingdom and Europe before the program was implemented. In 1993, 23 per cent of temporary skilled migrants were from the United Kingdom and Ireland, while 14.3 per cent

<sup>40</sup> Data provided to author by Department of Immigration and Citizenship. It should be noted, the data for the Rest of Europe only includes those European countries which are in the top 10 source countries each year, due to departmental concerns about the quality of data prior to 2003. Comparing this data with data for all countries for the years after 2003, it can be seen that this underestimates the total proportion from the Rest of Europe by approximately 8 per cent, but does not affect the general trend.

were from continental Europe.<sup>41</sup> These results are not significantly different to that recorded by the 457 visa program ten years later, indicating that there was no change to the importance of traditional source countries to Australia’s skilled temporary migration program.

**Figure 4.3: Proportion of permanent migrants from the United Kingdom and Europe, 1975-76-2006-07.**<sup>42</sup>



In contrast, Figure 4.3 shows evidence of a noticeable shift away from permanent migrants from the UK and Europe. Since reaching a peak of almost 60 per cent in 1981-82, the proportion has fallen to approximately 25 per cent. Looking more specifically at the period since the mid-1990s, when the 457 visa was introduced, a contrasting pattern between temporary and permanent migration can be seen. The proportion for both systems was approximately thirty per cent in the mid-1990s. However, as can be seen from

<sup>41</sup> Brooks, Murphy, and Williams, *The Role of Skilled Temporary Residents in the Australian Labour Market*, Table 4.1, p. 19.

<sup>42</sup> Australian Bureau of Statistics, *Migration*. Europe is defined as consisting of those countries classified by the Australian Bureau of Statistics as being North-West Europe and Southern and Eastern Europe, see *Standard Australian Classification of Countries* (Canberra, 2008)

<[http://www.ausstats.abs.gov.au/Ausstats/subscriber.nsf/0/9A9C459F46EF3076CA25744B0015610A/\\$File/12690\\_second%20edition.pdf](http://www.ausstats.abs.gov.au/Ausstats/subscriber.nsf/0/9A9C459F46EF3076CA25744B0015610A/$File/12690_second%20edition.pdf)> accessed 8 September 2010, pp. 29-30.

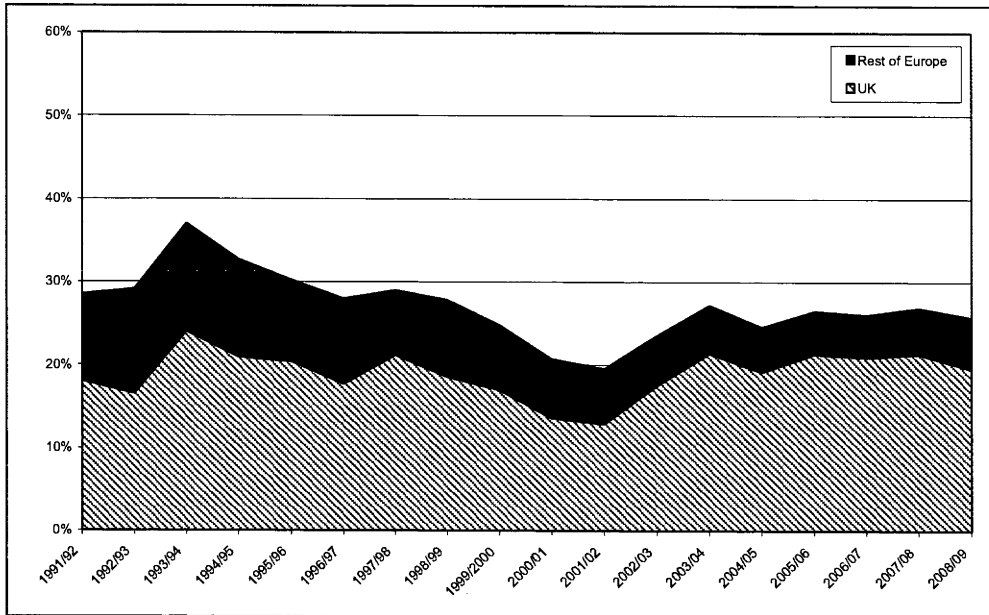
the two figures, after this the proportion of permanent migrants from Europe fell to approximately 22 per cent in 2000-01, while the proportion for 457 visa holders rose to 41 per cent in the same year. This meant that the difference was almost twenty percentage points in the early part of this century. In contrast to what would be expected, the permanent migration system appeared much more globalised at this time. Since then, the proportion of migrants from Europe in each system has moved closer together, but remains higher for the 457 visa.

However, this does not take into consideration the educational and linguistic similarities between Australia and Europe, in particular the United Kingdom. Due to the 457 visa scheme's skill restrictions, it is not surprising that a greater proportion of participants come from those countries where potential migrants are more likely to possess the requirements of the program. To determine whether these restrictions affect the proportion of participants coming from the United Kingdom and Europe, Figure 4.4 shows the percentage of permanent skilled migrants, who must also meet these requirements, from these countries.

It is noticeable from Figure 4.4 that a slightly lower proportion of permanent skilled migrants come from Europe and the United Kingdom than is the case for either overall permanent migration or the 457 visa program. Further, there has been no significant change since the early 1990s, with the proportion from the United Kingdom rising slightly, but not quite compensating for the fall from continental Europe. Surprisingly, between 1996-97 and 2008-09, the proportion of 457 visa holders from these countries was approximately ten percentage points higher than the proportion of permanent skilled migrants, disproving claims that because of globalisation the 457 visa program will see a greater proportion of migrants coming from non-traditional source countries.



**Figure 4.4: Proportion of permanent skilled migrants from the United Kingdom and Europe, 1991-92 – 2008-09.<sup>43</sup>**



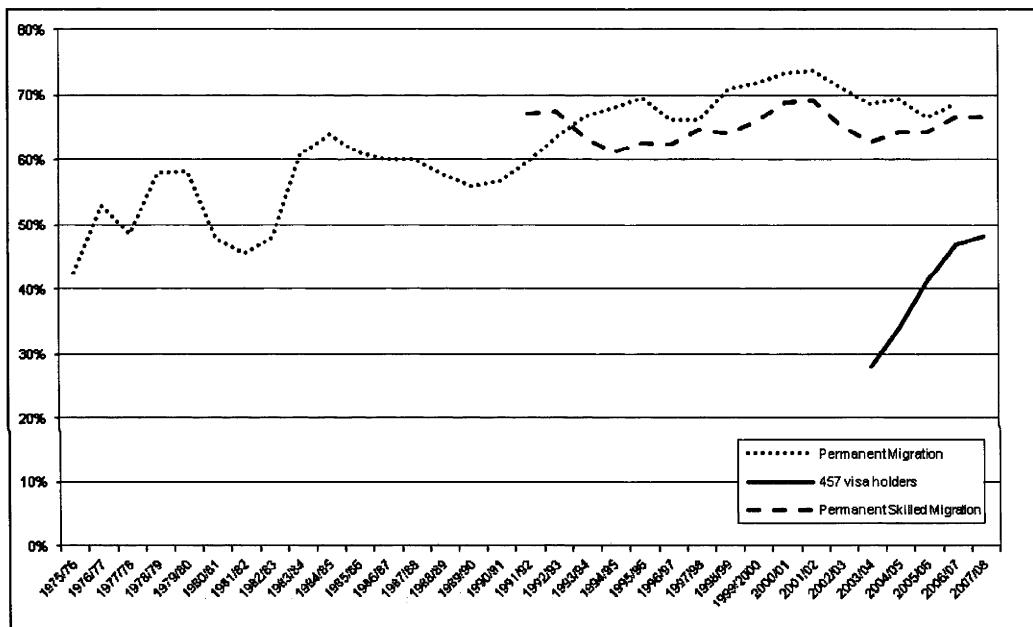
There is little evidence to support claims that there has been a shift away from migrants with 457 visas from Europe to other source countries. The proportion of 457 visa holders from Europe in 2008-09 was actually slightly higher than the proportion in 1996-97. In contrast, there has been a move away from permanent migrants from Europe. Significantly, the data for both skilled and total permanent migration are very similar, suggesting the imposition of skill restrictions has not affected the proportion of migrants from the United Kingdom and Europe since the early 1990s. Further, the outcomes for both skilled and overall permanent migration are much lower than that for the 457 visa program. The data presented indicates that permanent migration to Australia, both skilled and total, is more globalised than that occurring under the 457 visa scheme.

<sup>43</sup> Department of Immigration and Citizenship, "Settlement Reporting." See previous footnote for explanation of which countries constitute Europe.

### Developed vs. Developing Countries

The reason Hugo cites for this purported move away from the traditional channels of migration is the growing role of developing countries. He notes that while in the decades after the Second World War the “dominant global flow” was from Europe to countries such as Australia, it is now from developing to developed nations; what he calls “the ‘South-North’ movement.”<sup>44</sup>

**Figure 4.5: Proportion of Migration from Developing Countries, 1975-76 – 2007-08<sup>45</sup>**



Using the classification of developing and developed countries from the IMF and the United Nations,<sup>46</sup> it is possible to examine whether an increasing

<sup>44</sup> Hugo, “Globalization and Changes in Australian International Migration,” p. 108.

<sup>45</sup> Data on the origin of 457 visa holders provided to author by Department of Immigration and Citizenship. Data on the origin of permanent migrants from Australian Bureau of Statistics, *Migration*. Data on permanent skilled migration from Department of Immigration and Citizenship, “Settlement Reporting.”

<sup>46</sup> See International Monetary Fund, “World Economic Outlook: Database - WEO Groups and Aggregates Information,” (n.d.)  
<http://www.imf.org/external/pubs/ft/weo/2008/01/weodata/groups.htm#> accessed 28 April 2009; United Nations Statistics Division, “Composition of macro, geographical

proportion of 457 visa holders are coming from developing countries. Figure 4.5 confirms Hugo's proposition that developing countries are becoming a more important source of migrants to Australia.

Due to issues with the quality of data on 457 visa holders, it is not possible to examine any long-term trend in the proportion of workers that are from developing countries. However, it is evident that there has been a significant growth since 2003-04, from under thirty per cent to almost fifty per cent in five years, confirming Hugo's claim.

A similar, yet less dramatic, trend can be seen in permanent migration. In the mid-1970s, the proportion of permanent migrants from developing countries was approximately 45 per cent. In the next twenty years, this grew to approximately 70 per cent, where it has been ever since. However, as is evident from Figure 4.5, the permanent migration system appears to be more globalised than the 457 visa program. In fact, although the proportion of 457 visa holders from developing countries has grown significantly, it is still only at the level that permanent migration achieved in the early 1980s. Further, while the difference has reduced since 2003-04, it is still approximately twenty percentage points.

Comparing the data from the 457 visa program with permanent skilled migration, it can be seen that it is generally less globalised. As is expected, since the early 1990s, the proportion of skilled workers coming from developing countries is lower than that for overall permanent migration, but only slightly. Although there has been no shift towards permanent skilled migrants from developing countries, like overall permanent migration, the proportion is much higher than for the 457 visa scheme.

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(continental) regions, geographic sub-regions, and selected economic and other groupings," (15 April 2009) <<http://unstats.un.org/unsd/methods/m49/m49regin.htm>> accessed 28 April 2009.

The evidence that Hugo presents also provides a good international benchmark against which the record of migration to Australia can be measured. He cites a study by the UN in 2006 which reported that one-third of all migration in 2005 was from developing to developed countries.<sup>47</sup> In 2004-05, the proportion of 457 visas given to citizens of developing countries was 34.1 per cent. This grew to 41.3 per cent in 2005-06. This suggests that the 457 visa system felt the impact of globalisation slightly more than the international average. However, given that the proportion of permanent migrants from developing countries is approximately twice the international average, Australia appears to be an attractive destination for such migrants. This suggests that this, rather than the particular characteristics of the 457 visa program that supposedly make it a response to globalisation, is the reason for the higher than average proportion of visa holders from developing countries.

Although the proportion of 457 visa holders from developing countries has been increasing, providing support for the contention that the 457 visa system is becoming more global, when it is compared to the permanent migration system it becomes evident that it has not felt the effects of globalisation as much. Yet again, it appears that the permanent migration system is more globalised than the 457 visa system, meaning that claims by advocates of the program that its implementation was necessary and its continued existence is essentially due to globalisation are not supported by the evidence.

### ***Regionalisation***

Although there has been a change in the source of 457 visa holders, with a greater proportion coming from developing countries, one should also consider what Held et al. describe as the 'regionalisation' of migration. In

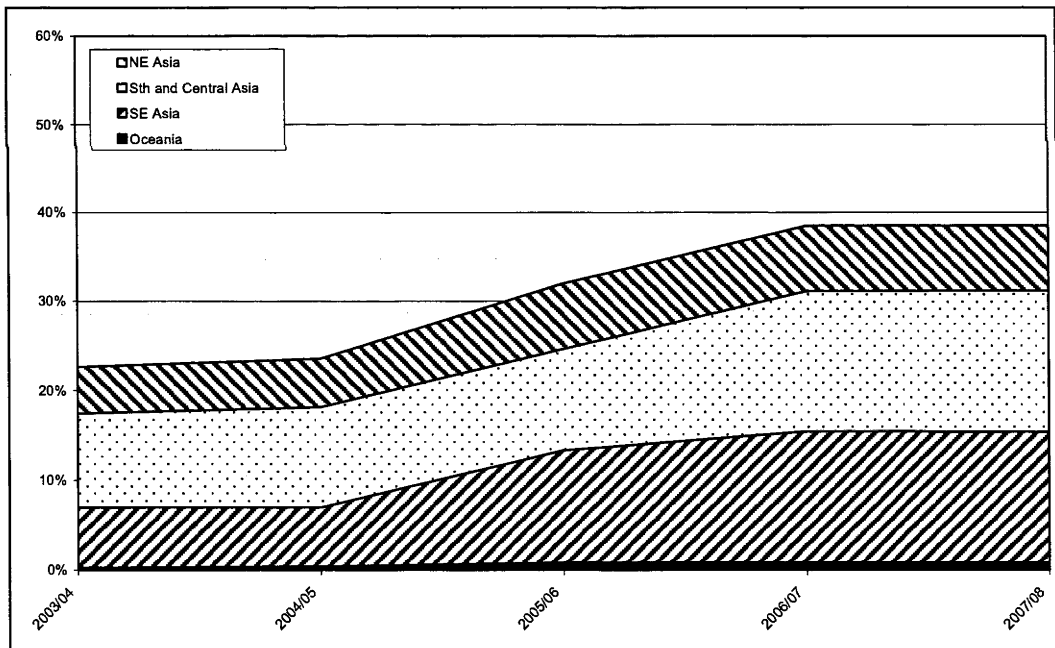
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<sup>47</sup> United Nations in Hugo, "Globalization and Changes in Australian International Migration," p. 108.

their chapter on migration, they differentiate between globalisation and regionalisation.<sup>48</sup> By drawing such a distinction, it is possible to examine whether migration to Australia has become global, or if it is better described as regional, with the majority of migrants coming from the Asia-Pacific area. Figure 4.6 shows the proportion of 457 visa holders from countries in Australia's region of the world.

As this figure shows, there has been an increase in the proportion of 457 visa holders from countries in the Asia-Pacific area since 2003-04. This is due to an increase in the number of workers coming to Australia from the Philippines, India and China. By 2007-08, almost 40 per cent of all migrants with 457 visas were coming from countries in Australia's region.

**Figure 4.6: Proportion of 457 visa holders from Oceania, South-East Asia, Southern and Central Asia and North-East Asia, 2003-04 – 2007-08.**<sup>49</sup>



<sup>48</sup> Held et al., *Global Transformations*, pp. 283-326.

<sup>49</sup> Data provided to author by Department of Immigration and Citizenship. The classification of countries follows Australian Bureau of Statistics, *Standard Australian Classification of Countries*, p. 31.

However, as shown by Figure 4.7, the Asia Pacific region is much more important to the permanent migration system. While migrants from the Asia-Pacific make up almost 40 per cent of 457 visa holders, the equivalent statistic for permanent arrivals is over 50 per cent. This suggests that permanent migration may be more globalised than regionalised.

**Figure 4.7: Proportion of permanent migrants from Oceania, South-East Asia, Southern and Central Asia and North-East Asia, 2003-04 – 2007-08.<sup>50</sup>**

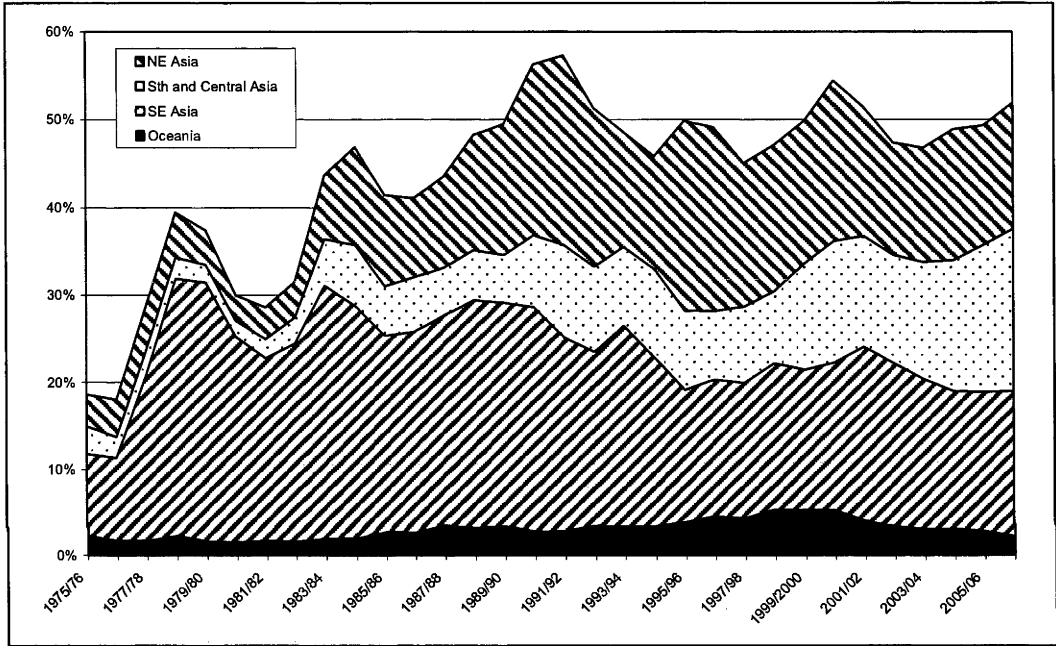


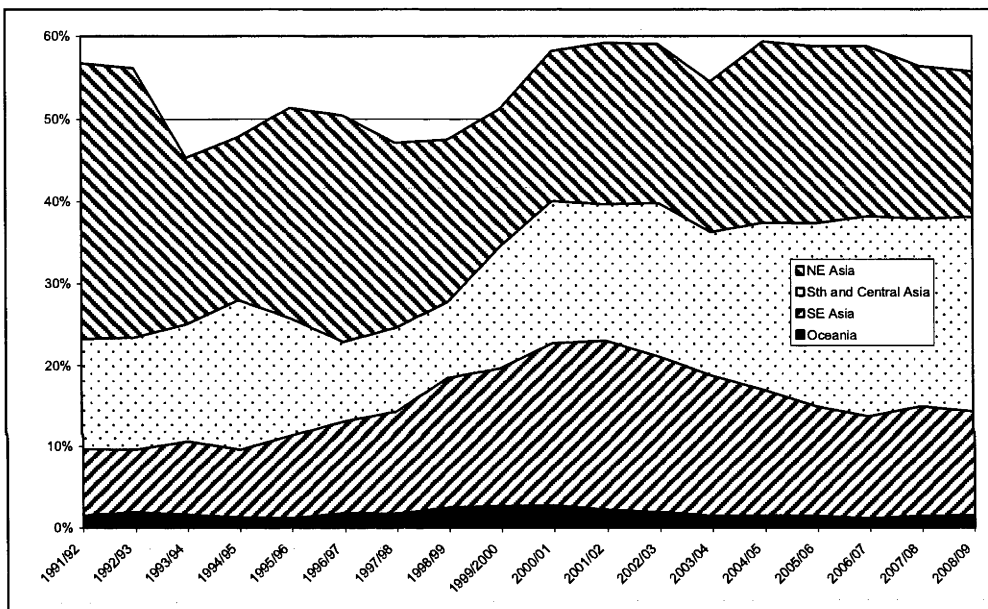
Figure 4.8 demonstrates that migration from the Asia-Pacific has been extremely important to Australia’s skilled permanent migration program. The proportion of these migrants coming from Australia’s region is approximately twenty percentage points higher than it is for the 457 visa program.

In contrast to the other measures outlined, data about the contribution of countries in Australia’s region, very broadly defined, to the 457 visa program appears to provide some evidence to support the contention that the program is more globalised than other forms of migration. Migration from

<sup>50</sup> Australian Bureau of Statistics, *Migration*. The classification of countries follows Australian Bureau of Statistics, *Standard Australian Classification of Countries*, p. 31.

these countries is responsible for over half of all permanent migrants, while less than two in five 457 visa holders are from the Asia-Pacific region. This indicates that it may be a response to globalisation, rather than regionalisation. Nevertheless, it should be noted that since 2003-04, a growing proportion of 457 visa holders have been coming from countries in the Asia-Pacific region.

**Figure 4.8: Proportion of permanent skilled migrants from Oceania, South-East Asia, Southern and Central Asia and North-East Asia, 2003-04 – 2007-08.<sup>51</sup>**



While Held and McGrew see regionalisation as being different to globalisation, others have questioned whether they can be seen as mutually exclusive, with it being contended that regionalisation “represents a *creeping globalization*, which will eventually encompass all regions.”<sup>52</sup> In Australia’s case, it may be true that a greater engagement with the Asia-Pacific region can in fact be seen as part of this slow process of globalisation. As noted above,

<sup>51</sup> Department of Immigration and Citizenship, “Settlement Reporting.” The classification of countries follows Australian Bureau of Statistics, *Standard Australian Classification of Countries*, p. 31.

<sup>52</sup> Warwick E. Murray, *Geographies of globalization* (Abingdon: Routledge, 2006), p. 148. Emphasis in original.

Australia's migration has traditionally been from the UK and Europe. This is reflective of the emphasis of Australia's broader international relations. Due to this, discussion of the impact of globalisation on Australia has often centred on the country's increasing engagement with its own region.<sup>53</sup> If this is true, then the increasing proportion of 457 visa holders coming to Australia from countries within the Asia-Pacific region represents a globalising migration program.

### **Does the origin of 457 visa holders suggest it is a global system?**

To be a truly global system, one that is a response to globalisation, the 457 visa system should facilitate the migration of workers from a large range of countries. As previously noted, unlike many previous guest worker programs, the 457 visa is open to workers from any country, although New Zealanders do not require such a visa to work in Australia. In addition, the Government does not specify how many 457 visa holders must come from specific countries, leaving it to businesses and individuals to decide where visa holders come from. However, just because it is possible for migrants from any country to gain a 457 visa, if globalisation is really behind the introduction and growth of the program, the data should show that this possibility has become a reality.

As has been shown, the percentage of all 457 visa holders that come from the five most popular source countries is significantly higher than the equivalent proportion for permanent migration. This is in contrast to the expectation that a migration program developed as a response to globalisation would record a smaller proportion, reflecting a more even distribution. Interestingly a comparison between the 457 visa scheme and the permanent skilled migration program since the mid-1990s shows that the proportion of participants from the top five source countries is almost identical. This

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<sup>53</sup> John Ingleson, "Australia in Asia," *Asian Studies Review* 23, no. 1 (1999), pp. 93-101.



suggests, not surprisingly, that the skill requirements placed on these migrants affects the diversity of source countries. However, the temporary nature of the 457 visa program does not appear to have attracted migrants from a greater range of countries.

Although the contribution of the top five source countries has remained relatively steady during the operation of the program, this does not measure whether there were changes in the composition of the top five. When this is considered, it is seen that the same countries contribute the most migrants each year. In particular, the UK, India, Ireland and the US consistently contribute a significant proportion of 457 visa holders. This pattern also reappears when permanent migration is examined, suggesting that the bulk of all migrants to Australia, whether permanent or temporary, skilled or unskilled, come from a small group of countries.

It is generally acknowledged that Australia has long been a country of immigration. However, it has been argued that globalisation has led to a change in the primary sources of migration. Whereas in the past the majority of migrants came from Europe, and in particular the United Kingdom, it is asserted that this is now less true. Data for permanent migration supports this claim, with the proportion of migrants from Europe falling from 60 per cent in the early 1980s to approximately 25 per cent in the 2000s. In contrast, there has not been much of a change in the origin of 457 visa holders, with the proportion remaining around 30 per cent, similar to the level for permanent migrants in the mid-1990s. Interestingly, accounting for the skill level of permanent migrants does not make a considerable difference to the proportion of migrants coming from Europe. Nevertheless, a higher proportion of 457 visa holders came from Europe than either overall or skilled permanent migrants.

This purported shift away from the traditional sources of migration means that the “dominant global flow” is now meant to be a “South-North’

movement.”<sup>54</sup> The claim that a growing proportion of migrants are coming from developing countries is supported by the data for 457 visa holders, with the proportion rising from under 30 per cent in 2003-04 to almost 50 per cent in 2007-08. This suggests that globalisation may have had some impact on the program. However, in comparison to Australia’s permanent migration system, this proportion is low, having just reached the level of the early 1980s. At first viewing, this is not surprising. The skill restrictions placed on 457 visa holders makes it more difficult for workers from developing countries to qualify for the program. Nevertheless, it is notable that permanent skilled migration records levels similar to overall permanent migration, that is, approximately 20 percentage points higher than the 457 visa program. This indicates that the skill restrictions placed on 457 visa holders are not the reason for the low proportion of program participants from developing countries.

Finally, although it is obvious that all migration programs must involve other countries, it is expected that a system that has been affected by globalisation involves migrants from countries from all over the globe, rather than just the region surrounding the destination country. Evidence presented shows that although there was a growing dependence on workers from the Asia-Pacific region in the 457 visa program, this proportion was lower than that for the permanent migration program, both overall and skilled. This is a possible sign of the increased impact of globalisation, rather than regionalisation, upon the 457 visa program. However, given Australia’s traditional links with countries on the other side of the globe, a convincing argument can be made that greater engagement with countries in the Asia-Pacific represents greater globalisation. Such migration may also indicate the globalisation of Australian culture away from the predominantly British customs of the past. How the 457 visa affects Australian identity is discussed in the following chapter.

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<sup>54</sup> Hugo, “Globalization and Changes in Australian International Migration,” p. 108.

Overall, while there is some evidence to indicate that the 457 visa program has enabled Australian employers to operate in a global labour market, particularly by employing workers from outside of the Asia-Pacific region, there does not seem to have been a significant shift away from the traditional sources of migrants. The United Kingdom has provided the most 457 visa holders, contributing a higher proportion in this visa stream than it does for either overall or skilled permanent migration. Nevertheless, perhaps the most noteworthy finding from the evidence presented above is that permanent migration has been more globalised than the 457 visa program. While this may be expected given that the skill restrictions placed on 457 visa holders have favoured participation by workers from countries that have educational and linguistic similarities with Australia, it is significant that when the program is compared to permanent skilled migration, the same findings are evident. The results of the majority of the tests undertaken indicate that permanent skilled migration is more globalised than the 457 visa program. If the impact of globalisation and a global labour market were central to considerations about the design of Australia's immigration system, data from the past few decades suggests that the permanent migration program responds to these changes better than the 457 visa program.

## **Conclusion**

One of the major outcomes of what has been described as globalisation has been the development of a global marketplace. Much of the debate over the impact of globalisation at the turn of the century centred on the growth of such a market for capital and products. In particular, a major division between globalists opened up about the effect of this global market on developing countries, with many supporters viewing it as an opportunity for such countries to reduce poverty, while opponents argued that this allowed further exploitation of workers in these regions.

In addition, the advent of globalisation is believed to have led to the development of a global labour market. Although people have often migrated

to other countries in search of employment, such as the Irish to England, this only proved the existence of an international labour market. In contrast, a global labour market would involve workers from all, or at least a very wide range of countries. The 457 visa was introduced in the mid-1990s in an attempt to assist Australian business access this global market. In a belief that such a market existed, the 457 visa scheme does not place restrictions on where migrants may come from, unlike the other guest worker programs examined in the previous chapter.

This chapter went further than examining what is possible under the 457 visa system, and investigated whether evidence suggests it is part of a global labour market whereby there has been an increase in the number of countries providing 457 visa holders. Further, given the 457 visa program was introduced in response to a report established to investigate the migration of workers to Australia, “against the background of the increasing globalisation of business,”<sup>55</sup> data has been compared to the equivalent data for Australia’s permanent migration. It is expected that data for the 457 visa program shows a program much more globalised than permanent migration. To account for the impact that the skill restrictions placed on 457 visa holders may have on the source of participants, this chapter has also compared their origins to those of permanent skilled migrants.

Five tests were established to examine whether this was true. However, none of these supported the contention that the 457 visa program has been significantly affected by the process of globalisation. In particular, while there is some evidence that the program has started to attract workers from a wider range of countries, it is apparent that the permanent migrants, both overall and skilled, come from a wider range of countries. By establishing the Roach Inquiry to examine potential changes to Australia’s migration system in a time

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<sup>55</sup> Committee of Inquiry into the Temporary Entry of Business People and Highly Skilled Specialists, *Business Temporary Entry*, p. 84.

of “increasing globalisation of business,” the Australian Government was implicitly acknowledging that the system was currently unable to do so.<sup>56</sup> Further, given that the major policy outcome of the Roach Inquiry was the 457 visa program, one would expect that it is better able to respond to the pressures of globalised migration. However, the findings in this chapter suggest that if the Government was intent on facilitating migration that was the result of globalisation, the permanent migration system was, and continues to be, more than capable of doing this.

The most significant change that suggests globalisation may be having some impact is the shift towards visa holders from developing countries. Although the UK continues to be the primary source of workers, as it has traditionally been for permanent migrants, there has been a shift towards visa holders from countries such as India, China and the Philippines. If this really is evidence of developing countries providing more workers for the program, one would not only see an increase from these countries, but also from Africa and Latin America. Instead, very few 457 visa holders originate from countries in these continents (apart from South Africa).

There is no doubt that on the basis of the number of countries that have contributed participants, the 457 visa program is more globalised than the Kanaka, *Bracero* and *Gastarbeiter* programs examined in the previous chapter as it facilitates the migration of workers from any country, rather than restricting it to particular source countries. However, by raising globalisation as the reason for the introduction of the 457 visa program, the Government and advocates of the program were implying that changes to Australia’s migration system were needed to deal with the development of a global labour market. It would therefore be expected that data for the 457 visa program indicates

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<sup>56</sup> Nick Bolkus, “Inquiry into temporary entry of business people and highly skilled specialists,” *Parliament of Australia* (3 August 1994)  
<<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;page=0;query=bolkus%20temporary%20entry%20Decade%3A%221990s%22%20Year%3A%221994%22%20Month%3A%2208%22;rec=0;resCount=Default>> accessed 19 September 2010.

more engagement with a global labour market than the permanent migration system. However, this is not the case. Even when the skill restrictions placed on 457 visa holders are taken into account, it can be seen that the program relies more heavily on migrants from a small group of countries, in particular the United Kingdom, than the permanent migration program does. If the Government was intent on developing a migration system that responds to the pressures of a global labour market, the permanent migration system that was in place prior to the introduction of the 457 visa program continues to react to these pressures in a manner that would be expected of a globalised system.

## Chapter Five: The 457 visa and national identity

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Although globalists often disagree on the precise definition of globalisation, it is usually associated with the declining role of national borders. As noted in the previous chapter, this means globalists believe a global marketplace has developed and that capital, goods and people are able to move throughout this marketplace as they wish. Obviously, this will have an effect on societies, with them becoming “increasingly enmeshed in worldwide systems and networks of interaction.”<sup>1</sup> Rather than seeing themselves as Australian, or British, or Spanish, or Japanese, globalisation is expected to see a rise in the number of people who see themselves as “citizens of the world.”<sup>2</sup> This growth in cosmopolitanism is expected to occur as the importance of national identity diminishes in people’s lives. Everyone will be a member of the same community, meaning that they are no longer differentiated on the basis of nationality.

While cosmopolitanism has been described as the “cultural habitus” of economic globalisation,<sup>3</sup> other authors characterise citizenship in the age of globalisation as post-national or de-nationalised, meaning that it is becoming based less on membership to a particular nation. What is common between these perspectives is the belief that there has been a decline in the importance of identifying with one nation. This has been described as a universalistic view of citizenship, as opposed to an ethno-pluralist view, and is associated with the demolition of national borders that globalisation is expected to precipitate.<sup>4</sup>

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<sup>1</sup> Held and McGrew, “The Great Globalization Debate: An Introduction,” p. 3.

<sup>2</sup> Kwame Anthony Appiah, “Cosmopolitan Patriots,” *Critical Inquiry* 23, no. 3 (Spring 1997), p. 618.

<sup>3</sup> Ang, *On Not Speaking Chinese: Living Between Asia and the West*, p. 117.

<sup>4</sup> Barbara Franz, “Guest Workers and Immigration Reform: The Rise of a New Feudalism in America?,” *New Political Science* 29, no. 3 (2007), p. 349.

Although it is possible for people to develop a cosmopolitan or post-nationalist outlook without migration, it is expected that the movement of people around the globe will contribute to it. As a program that facilitates the migration of a substantial number of people from a somewhat diverse range of backgrounds to Australia, globalists view the 457 visa program as an example of the demise of national citizenship. Hugo notes that one of the major changes that globalisation has caused in international migration has been migrants' identification with more than one nation-state.<sup>5</sup> Although this does not necessarily mean a rise in cosmopolitanism, it does indicate a reduction in the importance of a particular nation to people's identity.

This chapter examines the link between national identity, citizenship and globalisation. It is shown that while Australia's system of multicultural citizenship was seen as representing a model response to globalisation in 1997,<sup>6</sup> most discussions note that citizenship should become post-national or denationalised, as national identities become less important and cosmopolitanism grows in influence.<sup>7</sup> A summary of the development of the Australian nation is provided, showing how the method by which the Australian Government decides who is granted citizenship has evolved from the exclusionary and racist White Australia Policy in the early twentieth century to the pluralist policies of the late twentieth and early twenty-first

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<sup>5</sup> Graeme Hugo, "Globalization and Changes in Australian International Migration," *Journal of Population Research* 23, no. 2 (2006), p. 109.

<sup>6</sup> Stephen Castles, "Multicultural citizenship: A response to the dilemma of globalisation and national identity?," *Journal of Intercultural Studies* 18, no. 1 (April 1997), p. 20.

<sup>7</sup> For example, see Yasemin N. Soysal, *Limits of citizenship: migrants and postnational membership in Europe* (Chicago: University of Chicago, 1994); David Jacobson, *Rights across Borders: Immigration and the Decline of Citizenship* (Baltimore and London: John Hopkins University Press, 1996); Saskia Sassen, "The Repositioning of Citizenship," in *People Out of Place: Globalization, Human Rights, and the Citizenship Gap*, ed. Alison Brysk and Gershon Shafir (New York: Routledge, 2004), pp. 191-208; Linda Bosniak, "Citizenship Denationalized," *Indiana Journal of Global Legal Studies* 7, no. 2 (2000), pp. 447-509; Bryan S. Turner, "Cosmopolitan Virtue, Globalization and Patriotism," *Theory, Culture & Society* 19, no. 1 (2002), pp. 45-63; Pippa Norris, "Global Governance and Cosmopolitan Citizens," in *The Global Transformations Reader: An Introduction to the Globalization Debate*, ed. David Held and Anthony McGrew (Cambridge: Polity, 2003), pp. 287-297.



centuries. Finally, this chapter analyses how the 457 visa scheme has affected Australia's national identity. As noted, in 1997 Australia's immigration system, based on the concept of multicultural citizenship, was seen as a model response to globalisation. The expectation is that due to its introduction as a response to globalisation, the 457 visa program not only embraces such a philosophy, but also a move towards post-national citizenship and cosmopolitanism.

## Globalisation and national identity

Globalists believe that the growing migration of people from a diverse range of backgrounds will have a significant effect on the composition of societies. In particular, there has been much discussion of the impact of globalisation on nations and national identity.<sup>8</sup>

Anderson famously defines a nation as “an imagined political community.”<sup>9</sup> However, because it exists in people's minds it can be difficult to determine its boundaries and therefore its membership.<sup>10</sup> Other factors that may help to

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<sup>8</sup> Jan Aart Scholte, “Defining Globalisation,” *World Economy* 31, no. 11 (2008), pp. 1471-1502; Glenn Worthington, *Globalisation: Perceptions and Threats to National Government in Australia*, Research Paper No. 27 (Canberra: Department of the Parliamentary Library, 2001) <<http://www.aph.gov.au/library/Pubs/rp/2000-01/01RP27.pdf>> accessed 16 March 2010; Stein Tønnesson, “Globalising national states,” *Nations and Nationalism* 10, no. 1 (2004), pp. 179-194; Fred W. Riggs, “Globalization, Ethnic Diversity, and Nationalism: the Challenge for Democracies,” *The Annals of the American Academy of Political and Social Science* 581 (2002), pp. 35-47; Michael Mann, “Has globalization ended the rise and rise of the nation-state?,” *Review of International Political Economy* 4, no. 3 (1997), pp. 472-496; Ulrick Beck, “The cosmopolitan perspective: sociology of the second age of modernity,” *British Journal of Sociology* 51, no. 1 (March 2000), pp. 79-105; Jens Bartelson, “The Social Construction of Globality,” *International Political Sociology* 4, no. 3 (2010), pp. 219-235; Nick Stevenson, “Globalization, National Cultures and Cultural Citizenship,” *The Sociological Quarterly* 38, no. 1 (Winter 1997), pp. 41-66; Mary Kaldor, “Nationalism and Globalisation,” *Nations and Nationalism* 10, no. 1 (2004), pp. 161-177; Richard Falk, “The Decline of Citizenship in an Era of Globalization,” *Citizenship Studies* 4, no. 1 (February 2000), pp. 5-17; “Who rules a world without boundaries?,” *The Australian*, 13 October 1996, p. 13; Robert J. Holton, *Globalization and the Nation-State* (Houndsmill and London: MacMillan, 1998), pp. 135-160.

<sup>9</sup> Benedict Anderson, *Imagined communities: reflections on the origin and spread of nationalism* (London: Verso, 1991), p. 6.

<sup>10</sup> John William Tate, “John Howard's Nation: Multiculturalism, Citizenship, and Identity,” *Australian Journal of Politics & History* 55, no. 1 (March 2009), p. 98.

identify a nation include ethnicity, a shared culture or history, religion and territory. However, while acknowledging that these may be useful, Keely notes,

a nation exists when the idea is accepted by the members that they are a group, that they are unique, that the group has a continuity and value worth preserving because of its presumed shared characteristics, however the group conceives of such ties.<sup>11</sup>

Like Anderson, Keely sees a nation as a social construct that exists in people's minds, making its identification extremely difficult. However, in modern times the concept of a nation has been amalgamated with that of the state, to form the nation-state. Whether the nation and the state have to represent the same group of people is a matter of debate,<sup>12</sup> but the existence of nation-states does make it easier to identify those who belong.

Membership to a nation-state is indicated by citizenship, which can be seen as the institutionalised version of national identity. It is the effect of globalisation on citizenship that has been at the centre of much of the debate over its impact on society, as the movement of people across nation-states raises questions about their membership of various groups. Central to this is the state's role in granting citizenship and the importance that people place on citizenship and the national identity that is often associated with this.

In an attempt to understand the different perspectives on citizenship, Franz develops a scale upon which different arguments can be placed, between what she describes as "ethno-pluralism" at one extreme and the "universalistic argument" at the other.<sup>13</sup> The former is based on the belief

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<sup>11</sup> Charles B. Keely, "How Nation-States Create and Respond to Refugee Flows," *International Migration Review* 30, no. 4 (1996), p. 1049. Keely also provides a summary of the different accounts of a nation, see pp. 1047-1050.

<sup>12</sup> See Tate, "John Howard's Nation," pp. 97-98; Keely, "How Nation-States Create and Respond to Refugee Flows," p. 1050.

<sup>13</sup> Franz, "Guest Workers and Immigration Reform," p. 349.

that citizenship is the property of those who possess it and this group has the right to decide who else may be granted it. In contrast, the universalistic position is closely linked to the concept of globalisation and the destruction of national borders.

From the ethno-pluralist perspective, governments should continue to perform the important role of determining admission into the national community. However, although Franz notes that the universalistic argument is closely linked to globalisation, others have argued that it is possible for governments to respond to the changes associated with globalisation while not forfeiting their responsibility of granting citizenship. Accepting that globalisation is leading to more migration from a diverse range of countries and that this will lead to changes in society, Castles examines the different ways in which governments can respond to this. In doing so, he identifies three basic models: differential exclusion; assimilation; and pluralism.<sup>14</sup> The first method allows migrants to become members of some parts of society, such as the labour market, but not others. Assimilation is a model whereby migrants are incorporated into society through a one-way process which makes them indistinguishable from the original members of that nation. In contrast, pluralism allows the incorporation of migrants into the new nation, but does not require them to sacrifice their culture to do so. In many countries, including Australia, this pluralist perspective has taken the form of multicultural policies.<sup>15</sup> Having investigated how these three models respond to the pressures brought about by globalisation, Castles highlights Australia's progress towards what he describes as "multicultural citizenship," which he believes represents a model for governments who are "confronted by the dilemmas arising from globalisation and growing ethnic diversity."<sup>16</sup>

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<sup>14</sup> Castles, "Multicultural citizenship," p. 6.

<sup>15</sup> Ibid., pp. 7-10.

<sup>16</sup> Ibid., p. 20.

While Castles believes that such multicultural citizenship can deal with the impact of globalisation, most research into the issue is better described as being from the universalistic perspective. Much of this focuses on what is described as “post-nationalism” or the denationalisation of citizenship.<sup>17</sup> These terms are an attempt to remove the nation-state from the central role of determining who belongs or does not belong, arguing that “the logic of personhood supersedes the logic of national citizenship.”<sup>18</sup> Therefore, a person’s citizenship no longer determines their membership and rights; they possess these purely by being a person. Much of the literature about this post-national form of citizenship cites the example of guest workers as epitomising its development and operation.<sup>19</sup>

Bosniak notes that these different terms, along with others such as global citizenship, transnational citizenship and globalisation, indicate that in some circumstances it is possible to talk about citizenship beyond the boundaries of the nation-state. However, she also notes that this does not necessarily have to be a completely universalistic view, contrasting them with the concept of cosmopolitanism.<sup>20</sup> It is this concept that is the closest to Franz’s universalistic position, with people who adhere to this philosophy believing that people are not necessarily citizens solely of a particular nation, but of the world. They therefore place little importance on the place of birth when determining that person’s rights.

As a concept, cosmopolitanism has a long history. Nussbaum summarises this history, and credits the Greek Cynic scholar Diogenes with creating the

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<sup>17</sup> Soysal, *Limits of citizenship*; Sassen, “The Repositioning of Citizenship.”

<sup>18</sup> Soysal, *Limits of citizenship*, p. 164.

<sup>19</sup> Soysal, *Limits of citizenship*; Jacobson, *Rights across Borders: Immigration and the Decline of Citizenship*.

<sup>20</sup> Bosniak, “Citizenship Denationalized,” pp. 449-450.

term.<sup>21</sup> When asked where he came from, he replied “I am a citizen of the world,” a *kosmon politês*. The Stoics further developed the concept, arguing that we live in two communities: the local community of our birth and a wider community in which we “measure the boundaries of our nation by the sun.”<sup>22</sup> An important element of the Stoics’ concept was that they recognised the importance of local communities, but also that all people are members of a much larger community that encompasses the whole world.

The Enlightenment led to a renewed interest in the concept. According to Kant, to achieve perpetual peace people should not treat someone entering their country as an enemy. Rather, while an alien can request the right to remain permanently in another country, “the *right to visit*, to associate, belongs to all men by virtue of their common ownership of the earth’s surface.”<sup>23</sup> Two elements of this quote are significant when considering the issue of cosmopolitanism and guest worker programs such as the 457 visa. Firstly, Kant implies that there is a community that transcends national borders by noting that all people share possession of the earth. Secondly, the “right to visit” can be seen as a philosophical basis for temporary migration, whereby people have the right to migrate for a short period, but not the right to remain permanently.

Summarising the continued development of the concept of cosmopolitanism during history, Turner notes Kant’s contribution, along with that of Marx, Augustine and Goethe.<sup>24</sup> Marx’s cosmopolitan dream of creating an international society of workers is summarised by his call for “Working Men

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<sup>21</sup> Martha Nussbaum, “Patriotism and Cosmopolitanism,” *Boston Review* XIX, no. 5 (November 1994), <<http://bostonreview.net/BR19.5/nussbaum.html>> accessed 28 August 2008.

<sup>22</sup> Seneca cited in *Ibid*.

<sup>23</sup> Immanuel Kant, *Perpetual Peace, and other Essays on Politics, History, and Morals*, trans. Ted Humphrey (Indianapolis: Hackett Publishing, 1983), p. 118.

<sup>24</sup> Turner, “Cosmopolitan Virtue, Globalization and Patriotism,” p. 48.

of All Counties, Unite!” at the conclusion of the *Communist Manifesto*.<sup>25</sup> The concept of an international proletariat has played an important role in socialist thought and action. For example, the International Workingmen’s Association, and its successors, and the Industrial Workers of the World (IWW), demonstrate the socialist belief that workers in different countries need to join together to achieve changes in working conditions. National identity is therefore of secondary importance to class solidarity. Rocker explains this by noting that should a worker migrate, they are much more likely to develop a social relationship with workers in the other country, than they are to develop one with a capitalist in their own country.<sup>26</sup>

Increased interest in globalisation at the end of the twentieth century led to further study of cosmopolitanism. This is due to a number of similarities between them, in particular the aspiration to transcend national borders, a universal discourse and the potential for apathy towards local concerns.<sup>27</sup> While there are similarities, some argue that there are also differences between the two concepts. The primary difference is outlined by Beck and Sznaider, who contend that globalisation happens “out there,” while cosmopolitanisation is “from within.”<sup>28</sup> Giddens supports this contention, noting that a globalised society will only occur when people develop a cosmopolitan outlook.<sup>29</sup>

Giddens’ work on globalisation and cosmopolitanism is reminiscent of the Stoic view, whereby he acknowledges that globalisation leads to stronger

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<sup>25</sup> Marx and Engels, *The Communist Manifesto* [1848], p. 121.

<sup>26</sup> Rudolf Rocker, *Nationalism and Culture* (London: Freedom Press, 1937), p. 271.

<sup>27</sup> David Ley, “Transnational spaces and everyday lives,” *Transactions of the Institute of British Geographers* 29, no. 2 (2004), p. 159.

<sup>28</sup> Ulrich Beck and Natan Sznaider, “Unpacking cosmopolitanism for the social sciences: a research agenda,” *The British Journal of Sociology* 57, no. 1 (2006), p. 9.

<sup>29</sup> Giddens, *The Third Way*, p. 136.

social connections at the local level as well as the global level.<sup>30</sup> The concept ‘glocalisation’ has been coined to make obvious the link between the local and the global.<sup>31</sup> This research acknowledges the role of the local in globalisation, noting that what happens locally affects what happens globally, and vice versa. While acknowledging that local communities may come closer together under globalisation, Giddens continues to see cosmopolitanism as being central to globalisation.

A similar concept to glocalisation, and one which is directly relevant to this discussion, is that of rooted cosmopolitanism or cosmopolitan patriots. Such a philosophy values the local and national, while also caring for those who are not included in this. As has been noted, “our loyalty to humankind – so vast, so abstract, a unity, does *not* deprive us of the capacity to care for lives nearer by.”<sup>32</sup> However, how this differs from ‘standard’ cosmopolitanism is unclear. Cosmopolitanism does not suggest that the local is *less* valued than the global, but that both are valued equally.

According to some authors, at times a focus on the local becomes much more prevalent under conditions of globalisation. While the general perception is that it will lead to a decline in the importance of national identity, a number of authors examine how globalisation can lead to the rise of nationalist sentiment.<sup>33</sup> In an article that examines the effect of globalisation on the Australian immigration system, McNevin analyses what she describes as the liberal paradox, a concept developed by James Hollifield. This exists when neoliberal governments embrace the economic aspects of globalisation by opening up their economy, but wish to become much more

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<sup>30</sup> Giddens, *The Consequences of Modernity*, p. 64.

<sup>31</sup> Robertson, “Glocalization,” p. 40.

<sup>32</sup> Appiah, “Cosmopolitan Patriots,” p. 622.

<sup>33</sup> For example, see Kaldor, “Nationalism and Globalisation”; R. J. Barry Jones, “Globalisation versus community,” *New Political Economy* 2, no. 1 (1997), pp. 39-51.

socially and politically closed, particular when it comes to migration.<sup>34</sup> Of particular interest to McNevin is Australia's embrace of economic reform in the name of globalisation during the 1980s and 1990s, which occurred as the Government moved towards a harsher and more restrictive policy towards asylum seekers in the name of enforcing a national identity.<sup>35</sup> While authors such as McNevin acknowledge that globalisation can lead to a greater sense of nationalism, generally because of the insecurity that the process creates among particular groups in society, their interest in this development arises from the belief that globalisation and nationalism represent contrasting ideals.

The relationship between national identity, citizenship and globalisation is a complicated one, but it is generally acknowledged that the increase in the number of people migrating will have an impact on how societies determine membership. The reduction in the importance of national borders that is central to globalisation means that any discussion of its role in migration needs to question whether they have become less important and whether people are able to "transcend" them.<sup>36</sup> Underlining its connection with globalisation, Ang describes cosmopolitanism as the "cultural *habitus*" of economic globalization.<sup>37</sup>

If the 457 visa program is a response to the changes expected to occur because of globalisation, then it should provide evidence of this shift towards a lessening in the importance of national identity, or at the very least a national identity that is based on multiculturalism. As Hugo notes, the new reality of international migration, which the 457 visa was established in response to, is that "migrants identify and commit to more than one nation-

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<sup>34</sup> James F. Hollifield, "The Emerging Migration State," *International Migration Review* 38, no. 3 (February 2006), pp. 885-912; Anne McNevin, "The Liberal Paradox and the Politics of Asylum in Australia," *Australian Journal of Political Science* 42, no. 4 (December 2007), p. 612.

<sup>35</sup> McNevin, "The Liberal Paradox and the Politics of Asylum in Australia," p. 622.

<sup>36</sup> Edgar Grande, "Cosmopolitan political science," *The British Journal of Sociology* 57, no. 1 (2006), p. 94.

<sup>37</sup> Ang, *On Not Speaking Chinese: Living Between Asia and the West*, p. 117.



state.”<sup>38</sup> However, to determine whether there has been such a shift, it is necessary to look at how Australia’s national identity has evolved over time. In particular, one should examine the role of the Government in constructing a national identity through its granting of citizenship.

## **The Australian national identity**

A defining feature of the Australian political landscape until the 1960s was the White Australia Policy. Formalised by the passing of the *Immigration Restriction Act* of 1901, migrants were required to pass a dictation test in any European language.<sup>39</sup> The rationale for this policy, as outlined by the ALP, was “the cultivation of an Australian sentiment based upon the maintenance of racial purity and the development in Australia of an enlightened and self-reliant community.”<sup>40</sup> Under the White Australia Policy, membership of the Australian nation was tightly controlled, and based on a racist view that it should be “the only pure white nation to be found outside Europe.”<sup>41</sup> This policy clearly established who was, and who was not, a member of the Australian nation, and as such provided the basis of national unity.<sup>42</sup>

From 1966, both sides of politics gradually began to dismantle the White Australia Policy.<sup>43</sup> Australia’s immigration policy became non-discriminatory and the idea of Australia as an outpost of Britain slowly dissipated. In addition, the Whitlam Labor Government implemented the policy of multiculturalism, a policy that was embraced by its successor, the Fraser

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<sup>38</sup> Hugo, “Globalization and Changes in Australian International Migration,” p. 109.

<sup>39</sup> Manning Clark, *A Short History of Australia* (London: Heinemann, 1969), p. 193.

<sup>40</sup> Stuart Macintyre, *A Concise History of Australia* (Cambridge: Cambridge University Press, 1999), p. 143.

<sup>41</sup> Clark, *A Short History of Australia*, pp. 192-193.

<sup>42</sup> Paul Kelly, *The End of Certainty: Power, Politics and Business in Australia* (Crows Nest: Allen & Unwin, 2008), p. 3.

<sup>43</sup> James Jupp, “From ‘White Australia’ to ‘Part of Asia’: Recent Shifts in Australian Immigration Policy towards the Region,” *International Migration Review* 29, no. 1 (Spring 1995), p. 210.

Coalition Government. Multiculturalism is based on the principle that all Australians have the right to express and share their culture and participate equally in society, and with this, the responsibility to accept that others also have this right.<sup>44</sup> This move from the White Australia Policy to multiculturalism led Castles to comment that Australia was an example of a country which has evolved from differential exclusion, to assimilation and finally to a pluralist model of managing diversity in international migration.<sup>45</sup>

As would be expected, this significant shift in determining who belongs in Australia was met with opposition within parts of society. This was acknowledged by a report commissioned by the Hawke Government into Australia's immigration policies, which found "confusion and mistrust of multiculturalism," meaning "many people... perceived it as divisive."<sup>46</sup> The report also found that people did not believe that the immigration program was operating with the national interest in mind and suggested that its focus should be on economically valuable migrants.<sup>47</sup> Both of these findings indicate that although multiculturalism, a policy that accepted and even encouraged major changes to the composition of the national community, had been embraced by the Government, its popularity with the public was questionable. Further, people continued to believe migration policy needed to be in the "national interest". Thus, the nation continued to be central to people's identity and political concerns.

The release of this report led then opposition leader John Howard to question the level of Asian migration to Australia and the policy of

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<sup>44</sup> Christine Inglis, "Transnationalism: An Australian Perspective," *Brown Journal of World Affairs* 8, no. 2 (Winter 2002), p. 187.

<sup>45</sup> Castles, "Multicultural citizenship," pp. 6-7.

<sup>46</sup> Committee to Advise on Australia's Immigration Policies, *Immigration: A Commitment to Australia* (Canberra: Australian Government Publishing Service, 1988) <[http://www.multiculturalaustralia.edu.au/doc/fitzgerald\\_2.pdf](http://www.multiculturalaustralia.edu.au/doc/fitzgerald_2.pdf)> accessed 15 January 2010, p. 2.

<sup>47</sup> *Ibid.*, p. 1.

multiculturalism itself. Arguing for his own concept of “one nation,” Howard agreed that multiculturalism was divisive and threatened “social cohesion.”<sup>48</sup> Further, he declared that multiculturalism portrayed Australians as unsure of what it meant to be Australian and therefore lacking in a national identity.<sup>49</sup> This explicitly demonstrates the perceived threat to national identity that multiculturalism was thought to present. Nationalists, such as Howard, were concerned that Government approval of the admission of migrants seen to be different to the stereotypical Australian meant that the identity of Australia and its inhabitants would change. His belief in the importance of Australian identity continued throughout his political career. After the defeat of his Government in the 2007 Federal Election, Howard noted that one of his proudest achievements was to make Australians more “assertive about the intrinsic worth of our national identity.”<sup>50</sup>

It has been suggested that Howard’s policy was a forerunner to one of the most controversial political parties in recent Australian history, Pauline Hanson’s One Nation Party in the mid-1990s.<sup>51</sup> Support for One Nation grew out of those groups in society who felt they were vulnerable to, and had suffered because of, the neoliberal economic reforms introduced by the Hawke and Keating Governments.<sup>52</sup> Its policies can be generally characterised as conservative and nationalist, ranging from greater economic protection to a drastic reduction in the number and diversity of migrants coming to Australia. Although neither Pauline Hanson nor the One Nation Party ever achieved significant political power, and were soon without seats at

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<sup>48</sup> Howard in Wanda Jamrozik, “Multiculturalism the Third Attempt,” *The Sydney Morning Herald*, 30 August 1988, p. 8.

<sup>49</sup> Howard in Bruce Jones, “Events that had a Nation on the Cringe,” *Sun Herald*, 14 August 1988, p. 50.

<sup>50</sup> John Howard, “Our proud record,” *The Australian*, 7 March 2008, p. 12.

<sup>51</sup> John Pilger, “David Hicks: Shame and the Lucky Country,” *New Matilda* (24 January 2007) <<http://newmatilda.com/2007/01/24/shame-and-lucky-country>> accessed 16 January 2010.

<sup>52</sup> McNevin, “The Liberal Paradox and the Politics of Asylum in Australia,” pp. 613-616.

the Federal level, their influence can be seen in many of the policies later adopted by the Howard Government, particularly in the fields of immigration and refugee protection.

This influence can be seen in one of the most controversial policies of the Howard Government in relation to refugees; the implementation of what were called Temporary Protection Visas (TPVs). As part of their immigration policy for the 1998 Federal election, One Nation stated that,

genuine refugees will be maintained at the current level, but there must be no expectation of automatic permanent residence. If possible they will return to their own country when the unrest in their homeland has been resolved.<sup>53</sup>

Within a year, the Coalition Government had introduced TPVs, whereby asylum seekers who were intercepted attempting to enter Australia without authorisation were only granted visas for three years, and were expected to return to their home country once the Australian Government considered it safe for them to do so. Much has been written about the psychological effects and unintended consequences of this visa,<sup>54</sup> but it also acted as a way for the Government to say that they were upholding their international obligations in relation to protecting refugees, while ensuring that those same people would not become full members of the Australian nation. As then Immigration

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<sup>53</sup> Don McMaster, "Temporary Protection Visas: The bastard child of the One Nation Party!," in *Australasian Political Studies Association Conference* (University of Adelaide, 2004), p. 3.

<sup>54</sup> Adele Horin, "Ignore the Coalition warhorses: temporary visas equal torture," *The Sydney Morning Herald*, 17-18 October 2009, sec. News Review, p. 9; Fethi Mansouri and Stephanie Cauchi, "The Psychological Impact of Extended Temporary Protection," *Refuge* 23, no. 2 (2006) <<https://pi.library.yorku.ca/ojs/index.php/refuge/article/view/21357>> accessed 17 January 2010, pp. 81-94; Peter Mares, *Borderline: Australia's response to refugees and asylum seekers in the wake of the Tampa* (Sydney: UNSW Press, 2002), p. 199; Suvendrini Perera and Jon Stratton, "Introduction: Heterochronotopes of exception and the frontiers and faultlines of citizenship," *Continuum* 23, no. 5 (2009), pp. 588-589; Susan Kneebone, "The Pacific Plan: The Provision of 'Effective Protection'," *International Journal of Refugee Law* 18, no. 3 (September 1, 2006), p. 718; Mike Sexton, "Asylum seekers suicides while on temporary visa," *7.30 Report* (Australian Broadcasting Corporation, 27 May 2003) <<http://www.abc.net.au/7.30/content/2003/s865888.htm>> accessed 17 January 2010.

Minister, Philip Ruddock outlined in 2003, “we honour our obligations but if things change at home, and you can go back, then you’ll be going back.”<sup>55</sup>

TPVs are a very good example of Castles’ differential exclusion method of managing diversity. In describing this model, he notes that it included “the denial of civil and political rights to immigrants,” including “restrictions on residence rights and prevention of family reunion,” and that that is based on the belief that the “admission of migrants is only a temporary expedient.”<sup>56</sup>

For the majority of the twentieth century, it is evident that quite a nationalist or exclusionary philosophy guided Australia’s perception of itself. While the move towards multiculturalism during the 1970s and 1980s reflected a shift away from these philosophies, under the Howard Government there was a significant move back to a more exclusionary view of the nation, particularly when the issue of refugee protection is considered. This shift is evident from actions that appear as insignificant as the naming of public service departments. In 2007, Howard changed the title of the Department of Immigration and Multicultural Affairs to the Department of Immigration and Citizenship.<sup>57</sup> Although this may be just a name change, it is also a reflection of the Government’s wish for new citizens to adhere to the cultural standards of the ‘Australian nation’, rather than valuing all cultures as equal.<sup>58</sup>

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<sup>55</sup> Ruddock in Sexton, “Asylum seekers suicides while on temporary visa.”

<sup>56</sup> Castles, “Multicultural citizenship,” p. 7.

<sup>57</sup> Tate, “John Howard’s Nation,” p. 112. The Labor Government has maintained the name Department of Immigration and Citizenship, but has introduced the role of Parliamentary Secretary for Immigration and Multicultural Affairs, see Chris Bowen, “New strategy in support of multiculturalism in Australia,” *Minister for Immigration and Citizenship* (17 February 2011) <<http://www.minister.immi.gov.au/parlsec/media/kl/2011/kl159247.htm>> accessed 23 February 2011.

<sup>58</sup> After he left office, Howard contrasted multiculturalism with his support for “multi-racialism,” whereby a country accepts people from every country, as long as they “accept the values of the country they adopted as their home.” Brad Norington and Lanai Vasek, “Don’t appease fanatics: Howard,” *The Australian*, 30 September 2010, p. 2.

## The 457 visa system, national identity and globalisation

While Australia's immigration system appears to have shifted away from the pluralist "multicultural citizenship" that Castles wrote about in 1997, this does not mean that the 457 visa program also demonstrates such a change. Its introduction as a response to globalisation suggests that it should continue to represent a system of "multicultural citizenship," or even encourage a post-national or cosmopolitan view of society.

In his analysis of cosmopolitanism, Beck provides a number of indicators of its existence, some of which can be used to examine whether there is a link between it and the 457 visa program. Of particular interest to this analysis are the changing roles of mobility and migration. Mobility is defined as movement within a state, while migration is movement between them. According to Beck, in a nation-state centric world they are two separate processes, where mobility is encouraged and migration discouraged. In a cosmopolitan, and therefore globalised, world this dichotomy evaporates as the impediment of national borders disappears.<sup>59</sup> Whether this is true in the case of Australia and the 457 visa program can be examined by looking at the attitude of politicians to mobility and migration.

During the period of the Howard Government, both mobility and migration through the 457 visa were encouraged. For example, the Howard Government encouraged mobility by offering jobseekers \$5,000 to move from an area of high unemployment to low unemployment,<sup>60</sup> while also promoting migration through the 457 visa in their own media releases and by out-posting departmental officials in employer organisations.<sup>61</sup> This suggests

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<sup>59</sup> Beck, "The cosmopolitan perspective," p. 93.

<sup>60</sup> Misha Schubert and Annabel Stafford, "Jobless move offer may top \$5000," *The Age*, 31 August 2006, p. 7; Stephanie Peatling, "Leave town to work - \$5000 may be too little," *The Sydney Morning Herald*, 31 August 2006, p. 7.

<sup>61</sup> Bob Kinnaird, "Current Issues in the Skilled Temporary Subclass 457 Visas," *People and Place* 14, no. 2 (2006), p. 49; Amanda Vanstone, "Leading Academics Applaud the 457 Visa," *Minister for Immigration and Multicultural Affairs* (15 August 2006)

support for both mobility and migration. The Government was encouraging movement, particularly for the purpose of satisfying labour demand, of both those who crossed national borders and those who did not.

While it may be true that this is evidence of a cosmopolitan world, or at least a move towards one, the economic conditions prevalent in the period of the Howard Government need to be considered. A primary aim of the Government in encouraging both forms of movement was to satisfy labour demand, which from 1996 to 2008 was very high due to falling unemployment and strong economic growth. However, deterioration in economic conditions and therefore demand for labour could lead to a change in political opinion about mobility and migration. The contraction in economic growth and rising unemployment experienced in Australia during 2008-09 provides an opportunity to examine such a situation. During this economic downturn, the Government continued to encourage mobility, particularly amongst Indigenous Australians who experience higher rates of unemployment.<sup>62</sup> However, the Government's reaction to immigration and the 457 visa was significantly different. In response to a question about the impact of the worsening economic climate on the size of the migration program at a Senate Estimates hearing in early 2009, the Immigration Minister noted the Government's commitment to Australian workers, stating,

we want to ensure Australians have the first job opportunities, that our skilled persons have access to those job opportunities first, and that migration continues to meet the shortfall in the skills areas where we need them.<sup>63</sup>

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<<http://www.minister.immi.gov.au/media/media-releases/2006/v06182.htm>> accessed 6 September 2007.

<sup>62</sup> Patricia Karvelas, "Crisis delays spark dole reform," *The Australian*, 20 December 2008, p. 6.

<sup>63</sup> Chris Evans in Senate Legal and Constitutional Legislation Committee, "Official Committee Hansard: Additional Estimates," *Parliament of Australia* (24 February 2009) <<http://www.aph.gov.au/hansard/senate/commtee/S11640.pdf>> accessed 23 November 2009, p. 19.

This preference for the protection of domestic workers' jobs was widespread. The Queensland Premier called for the Australian Government to revoke the 457 visas of mining workers, so that Australians could take the jobs. *The Courier Mail* noted that the reason for this was simply "they are 'not Australian.'"<sup>64</sup> This demonstrates that during an economic downturn, when the perception of migrants taking jobs from Australian workers becomes more widespread and potentially politically detrimental, the position of the Australian Government became much less cosmopolitan.

Although it appears that the decline in economic growth led the Government to adopt a much more localist position through the 457 visa program, it should also be acknowledged that in this period the ALP won the 2007 election. While in opposition the ALP voiced concerns over the operation of the program,<sup>65</sup> and this move away from a cosmopolitan perspective could therefore be due to the change of government. However, a case related to the 457 visa program indicates this is not a satisfactory explanation. In August 2008, the Rudd Government announced a trial program for guest workers from the Pacific Islands of Tonga, Kiribati, Vanuatu and Papua New Guinea to work in Australia's fruit-picking industry.<sup>66</sup> These guest workers were unable to enter Australia under the 457 visa program due to its skill requirements, and because of this were subject to different restrictions, including on their length of stay and on the migration of family members. This announcement was met by both support and opposition, but one argument from opponents demonstrated how there has been a shift away

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<sup>64</sup> "Caution needed on immigration," *The Courier-Mail*, 20 December 2008, p. 13.

<sup>65</sup> Nicolette Burke, "Foreign worker pay jump," *Herald-Sun*, 1 May 2006, p. 12; Phillip Coorey, "Exploitation forces rule change for migrant scheme," *The Sydney Morning Herald*, 6 July 2007, p. 7; Cath Hart, "States ignore Beazley in grab for migrants," *The Australian*, 7 July 2006, p. 2; Chris Johnson, "Work visas 'mean fewer jobs for locals'," *The West Australian*, 17 March 2006, p. 4.

<sup>66</sup> Tony Burke, "Horticulture industry Pacific seasonal worker pilot scheme," *Minister for Agriculture, Fisheries and Forestry* (17 August 2009)  
<[http://www.maff.gov.au/media/media\\_releases/2008/august\\_2008/horticulture\\_industry\\_pacific\\_seasonal\\_worker\\_pilot\\_scheme](http://www.maff.gov.au/media/media_releases/2008/august_2008/horticulture_industry_pacific_seasonal_worker_pilot_scheme)> accessed 21 November 2009.



from advocating for migration and cosmopolitanism. A number of public figures from both major political parties, including then Shadow Minister for Indigenous Affairs, Tony Abbott and former president of the Australian Labor Party, Warren Mundine, argued that rather than importing labour from overseas, unemployed Australians should be hired. Further, advocates of this plan stated that if these Australians were not prepared to move for such work, their unemployment benefits should be cancelled.<sup>67</sup> In other words, mobility should be encouraged (or even forced), while migration should be restricted. The crux of Abbott's argument was that "Australia's obligation to its disadvantaged people is greater than to those who are not Australian citizens."<sup>68</sup> Again, proponents of this plan were extolling values that are in contrast to a cosmopolitan view of the world, where national borders no longer matter.

Therefore, both major political parties saw 457 visa holders as expendable labour during an economic downturn. They were not accepted as members of the Australian nation, and this is particularly evident when unemployment is rising. There are similarities between 457 visa holders and those asylum seekers who were granted TPVs by the Howard Government. Neither group of migrants were accepted as full members of the Australian nation due to the temporary nature of their migration. Once the Government decided that they were either able to be sent home, in the case of refugees, or superfluous to the nation's needs, in the case of 457 visa holders, they were forced to leave Australia. Although the Rudd Government removed TPVs in 2008, they have maintained 457 visas.<sup>69</sup> Those refugees who were once only eligible for temporary protection in Australia are now accepted on a permanent basis,

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<sup>67</sup> Patricia Karvelas and Stuart Rintoul, "Call to cut dole if Aborigines won't work," *The Australian*, 21 August 2008, p. 1.

<sup>68</sup> Tony Abbott, "Pacific guests no solution," *The Australian*, 30 September 2008, p. 14.

<sup>69</sup> Chris Evans, "Rudd Government scraps Temporary Protection visas," *Minister for Immigration and Citizenship* (13 May 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/ce05-buget-08.htm>> accessed 21 January 2010.

while 457 visa holders continue to be physically in Australia but are not accepted into the Australia nation.

However, one can also consider the treatment of 457 visa holders while they are in Australia, comparing their rights and responsibilities to those of domestic workers. Firstly, as noted in Chapter Three, 457 visa holders are restricted in their choice of employment. Visa-holders have to be sponsored by an employer and the position must be assessed by the Government as requiring the requisite skill level. Further, they must maintain the sponsorship of their employer if they wish to remain in Australia. All of these requirements mean that 457 visa holders are treated very differently to Australian workers. In particular, the restricted job mobility of 457 visa holders, who only have 28 days to find a new employer if they wish to leave their current one, is a significant difference to domestic workers. In addition, 457 visa holders do not have access to unemployment benefits while in Australia. The combination of these two facts means that workers with 457 visas, unlike Australian workers, are often effectively forced to remain in their current job if they wish to remain in Australia.

While 457 visa holders are unable to remain in Australia if they are not working, and are therefore ineligible for unemployment benefits or old-age pensions, they are still required to pay tax. Further, as has been pointed out, “the slogan from the American Revolution of no taxation without representation has not been adopted.”<sup>70</sup> The overall effect of this has been to assert that 457 visa holders are required to contribute to the maintenance of Australian society, through tax contributions, but are not given any say as to how this society is governed and receive little in return.

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<sup>70</sup> Kim Rubenstein, “Citizenship in Australia: Unscrambling Its Meaning,” *Melbourne University Law Review* 20 (1995), p. 526.

Overall, it can be seen that there are significant differences between how 457 visa holders and other workers are viewed. Their presence in Australia is based solely on their economic contribution. In a sense, they are accepted as part of Australia's 'economic community', but not as part of the 'national community'.

Considering that a number of authors use guest workers to demonstrate the growth of post-nationalism, one would expect the 457 visa program to be based on a universalistic view of citizenship. However, this is not the case. Australia's borders continue to play an important role in defining who is and who is not Australian. Further, Franz's definition of ethno-pluralism, where "citizenship is a secluded club and is 'the property' of those who own it"<sup>71</sup> can easily be applied to the 457 visa program. While visa holders may be allowed into Australia, membership of the nation, as expressed through citizenship, continues to be tightly controlled by the Government. As Immigration Minister Evans has noted,

I have no problem with 457 visa holders migrating to permanent visas. That is a perfectly good means of permanent migration flow, because we know they are here, we know they like Australia and we know we like them and they are in a job. In a sense they are a perfect migrant.<sup>72</sup>

Therefore, not only does the 457 visa program not provide participants with the same rights and responsibilities as other workers, it is also used by the Government as a tool to reinforce its ability to decide who is permitted to become a member of the secluded club that is Australia.

Although Australia's position on citizenship as expressed through the 457 visa program may have been based on the ethno-pluralist argument, as

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<sup>71</sup> Franz, "Guest Workers and Immigration Reform," p. 349.

<sup>72</sup> Senate Legal and Constitutional Legislation Committee, "Official Committee Hansard: Budget Estimates," *Parliament of Australia* (27 May 2009) <<http://www.aph.gov.au/hansard/senate/commtee/S12041.pdf>> accessed 2 June 2009, p. 80

Castles demonstrates, it is possible for such a program to respond to globalisation.<sup>73</sup> However, while Castles outlines Australia's embrace of multicultural citizenship as a pluralist response to globalisation, the 457 visa program appears to have been a system of differential exclusion. Although there may be many such migrants coming to Australia, their "migration is only a temporary expedient."<sup>74</sup> Visa holders are only permitted into Australia for the amount of time that their skills and labour power are needed. In addition to the temporary nature of their migration, their incorporation into the society is only through their inclusion in the labour market, while they are denied access to the welfare system and political participation.<sup>75</sup> This is in contrast to Castles' view of the Australian immigration system in 1997. While it was then based on multicultural citizenship, making it well-placed to deal with the changes brought about by globalisation, the 457 visa program appears to be a regression towards a more exclusionary view of citizenship.

Rather than demonstrating how the 457 visa system, as a form of migration that was introduced as a response to globalisation, diminishes the importance of national identity, it can be seen that the opposite has occurred. When a permanent migrant comes to Australia and then gains citizenship, they are seen as being Australian. They have the same rights and responsibilities as other Australians. However, a 457 visa holder, although they may remain in Australia for many years, continues to be physically in the country, but operates externally from the Australian nation. They have no right to vote, and although they pay tax, they have no right to claim unemployment benefits. Workers with 457 visa holders are therefore seen as nothing more than the labour power they represent, both by employers and the Australian nation as a whole. The claim by the Government and others that the 457 visa system is required because of the process of globalisation appears to have

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<sup>73</sup> Castles, "Multicultural citizenship."

<sup>74</sup> Ibid., p. 7.

<sup>75</sup> Ibid.

convinced Australians that such workers are like the products and investment that are said to move easily between countries. They may enter the country, but their presence is temporary and based purely on the labour they can provide, not on their contribution to, and potential membership of, the Australian nation.

## **Conclusion**

The movement of people around the world is expected to change how people view their own communities. Globalists expect that as national borders become less important, so too will national identity and citizenship. This has led some to discuss the growing importance of post-national citizenship or the denationalisation of citizenship. Others have argued that globalisation will lead to a greater acknowledgement of the validity of cosmopolitanism, whereby people see themselves not solely as members of a nation, but as citizens of the world. Although some analysts have shown how globalisation has also led to a growth in nationalist feelings amongst some groups, their interest in this development has arisen because of the expectation that the opposite will happen. It is not globalisation that is seen to cause this, but rather a reaction against what governments describe as globalisation.

Considering this, the introduction of the 457 visa in 1996 should correspond to a growth in cosmopolitan or post-nationalist feeling in Australia. Although this can be difficult to measure, an easy way to determine whether there is a cosmopolitan attitude towards 457 visa holders is to consider whether they are treated the same as Australians.

It is evident from the Australian Government's attitude toward such workers that this is not true. Although it was happy to encourage both mobility within, and migration to, Australia for the purpose of finding employment during periods of low unemployment, once economic growth began to slow in 2008 the Government indicated that workers on 457 visa holders should be the first to lose their jobs. Further, looking at the regulations that govern

the workers' stay in Australia, it can be seen that they do not have many of the rights that Australians have. In particular, although these guest workers must pay tax like all workers in Australia, they are not eligible for social security payments, and are unable to advocate for their interests through the ballot box.

Overall, although 457 visa holders may come to Australia to work, they are viewed by the Australian nation as little more than a commodity. They are welcomed into Australia's economic community (for as long as their labour is needed), but are not welcomed into the social or national community. Rather than indicating a universalist or cosmopolitan perspective of who belongs to the community, the system continues to differentiate between Australian workers and those on 457 visas. Further, while there was some evidence in 1997 that the Australian immigration system was based on the concept of multicultural citizenship and therefore was well placed to deal with the results of globalisation, the 457 visa program has actually reversed this and is based more on differential exclusion. Again, it seems that claims the 457 visa is a response to globalisation overstate the significance of this link.

## Chapter Six: The power of the state

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In addition to changing the influence of national identity and citizenship, globalisation is also expected to have an impact on the power of the state. However, as with most aspects of the debate over globalisation, there is no agreement on the precise nature of this change. Some globalists argue that the increased power of transnational corporations and global markets will result in the end of the state. Others believe that globalisation will cause a significant change in its role. Finally, sceptics contend that while there may be some changes to the role of the state, they will only be minor and its power will continue to be substantial.

If globalisation does lead to the decline of state power, and it was also the reason for the introduction of the 457 visa system, the operation of the program might provide evidence of such a decline. When describing temporary labour migration to Australia, Hugo describes it as “market-driven,”<sup>1</sup> while other writers and politicians use the term “demand-driven.”<sup>2</sup> The implication of this is that the Government has less control over the operation of the program than it does over permanent migration. However, as has been seen in previous chapters, although at first sight the 457 visa program can be seen as a result of and a response to globalisation, such claims need further examination.

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<sup>1</sup> Graeme Hugo, “Globalization and Changes in Australian International Migration,” *Journal of Population Research* 23, no. 2 (2006), p. 113.

<sup>2</sup> Chris Evans, “Big drop in temporary overseas workers,” *Minister for Immigration and Citizenship* (12 August 2009) <<http://www.minister.immi.gov.au/media/media-releases/2009/ce09071.htm>> accessed 10 February 2010; Visa Subclass 457 External Reference Group, *Final Report to the Minister for Immigration and Citizenship* (Canberra, 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/erg-final-report-april-2008.pdf>> accessed 23 April 2008, p. 21; Siew-Ean Khoo et al., “Temporary Skilled Migration to Australia: Employers’ Perspectives,” *International Migration* 45, no. 4 (2007), p. 177; Phillip Ruddock in House of Representatives, “Official Hansard,” *Parliament of Australia* (6 September 2006) <<http://www.aph.gov.au/hansard/rep/dailys/dr060906.pdf>> accessed 23 May 2008, p. 86.

This chapter surveys various perspectives of how globalisation affects the role of the state to determine whether the belief that its power is waning is widespread. Upon determining that the popular perception of globalisation is that it is lessening the capacity of governments to control and regulate their national economy and borders, there is an analysis of whether the 457 visa program provides further evidence of this. Finally, upon discovering that the program grants the Government significant power, this chapter examines the benefits to it that flow from this.

### **Globalisation and the decline of the state**

As previously noted, Ohmae believes that globalisation will lead to the effective end of the nation-state because the increased flow of industry, investment, individuals and information means central governments have to cede “meaningful operational autonomy” to regional states.<sup>3</sup> He does not discuss the governance of these regional states, but does note that in the long-term, they too may need to be modified because they will become afflicted with problems similar to those that currently affect nation-states.<sup>4</sup> It is evident from Ohmae’s discussion that he advocates a substantial reduction, if not complete dismantling, of state power.

Friedman is not as extreme in his thinking about the effect of globalisation on states. However, he does describe a significant shift in their power. Comparing the system of globalisation to the previous structure seen during the Cold War, Friedman outlines how the balance of power has shifted. Previously, it was primarily between nation-states. With the onset of globalisation at the end of the Cold War, the system became much more complicated. This new system is built upon three balances of power: between nation-states; between nation-states and the global market; and finally, between individuals and the nation-state. While the United States has

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<sup>3</sup> Ohmae, *The End of the Nation-State*, p. 142.

<sup>4</sup> Ibid., p. 148.



dominance in the first of these, no individual country prevails in the second. However, it is the third of these balances of power that Friedman believes is the most novel, with globalisation allowing individuals to act on an international level without mediation by a state.<sup>5</sup> This leads to the conclusion that nation-states are becoming less powerful. Into this power vacuum have moved global markets, and in particular, the individuals that operate within them.

The demise of the state appears to confirm Friedman's ideological persuasion. While he notes that government control is ebbing away due to globalisation,<sup>6</sup> he is also supportive of this outcome, believing it is the quality, rather than the quantity, of government that is important. According to Friedman, a smaller state is preferable because it allows the market to allocate capital.<sup>7</sup> The outcome of this shift in power from governments to markets is a fundamental change in competition. Previously, it was between companies, but now it is between governments who are trying to entice corporate investment to their country.<sup>8</sup> This may lead to the perception that governments are losing power, as they adjust policies in an attempt to be the most attractive destination for international capital, which is now globally mobile. This belief is demonstrated by calls for a reduction in taxation rates to lure multinational companies and international workers to a particular country.<sup>9</sup>

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<sup>5</sup> Friedman, *The Lexus and the Olive Tree*, p. 13-14.

<sup>6</sup> Ibid., p. 207.

<sup>7</sup> Ibid., p. 158.

<sup>8</sup> Ibid., p. 139.

<sup>9</sup> For an exploration of the impact of globalisation on state fiscal policy and sovereignty, see Dale Pinto, "The Nation State: Will it Survive Globalisation," *Journal of Australian Taxation* 3, no. 3 (2000), pp. 136-154. Examples of discussion about reducing tax rates to improve international competitiveness include Australian Chamber of Commerce and Industry, "Tax Reform - Where to Now?," (February 2000) <[http://www.acci.asn.au/text\\_files/issues\\_papers/Taxation/TX10.pdf](http://www.acci.asn.au/text_files/issues_papers/Taxation/TX10.pdf)> accessed 20 July 2009; Business Council of Australia, "Keeping a Permanent Watch on Australia's Tax System," (2006) <<http://www.bca.com.au/DisplayFile.aspx?FileID=291>> accessed 20 July 2009; Peter Costello, "Challenges and Benefits of Globalisation: Address to the Sydney

A number of other analysts support Friedman's position that globalisation is changing the nature of the state. In a critique of those who envisage the end of the state, or at least a large reduction in its power, Scholte argues that states have in fact become larger and more entrenched, particularly when considering their size and role in regulation. However, he goes further by arguing that the actions of states, through changes in investment codes, tax regimes and industrial relations, have allowed the process of globalisation to develop. Nevertheless, Scholte does believe that one aspect of statehood has diminished; its ownership of the means of production.<sup>10</sup>

As discussed in Chapter Two, Scholte criticises many of the more popular definitions of globalisation, concluding that it should be seen as a synonym for deterritorialisation.<sup>11</sup> This leads him to find that globalisation has meant that states have lost one important key attribute: sovereignty, which "accorded each state supreme, comprehensive and exclusive rule over its territorial jurisdiction."<sup>12</sup> As the right of a state to decide who may cross its border is a fundamental element of sovereignty,<sup>13</sup> such a change would have major implications for international migration. Nevertheless, Scholte admits that never before have government controls over migration been as tight as they have been in recent history.<sup>14</sup>

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Institute," *Treasurer* (25 July 2001)

<<http://www.treasurer.gov.au/tsr/content/speeches/2001/003.asp>> accessed 9 November 2007; Wayne Swan, "Tax Reform for Prosperity, Productivity and Fairness: Address to the Nation Tax Symposium," *Treasurer* (25 February 2009)

<<http://www.treasurer.gov.au/DisplayDocs.aspx?doc=speeches/2009/004.htm&pageID=005&min=wms&Year=&DocType=1>> accessed 20 July 2009; Glenda Korporeal and Anna Fenech, "Just tinkering with tax 'is not enough'," *The Australian*, 9 May 2005, p. 29.

<sup>10</sup> Jan Aart Scholte, "Global Capitalism and the State," *International Affairs* 73, no. 3 (1997), pp. 441-442.

<sup>11</sup> Scholte, *Globalization: A Critical Introduction*, p. 46.

<sup>12</sup> Scholte, "Global Capitalism and the State," pp. 442-443.

<sup>13</sup> Stephen Castles, "Globalization and citizenship: an Australian dilemma," *Patterns of Prejudice* 35, no. 1 (2001), p. 92.

<sup>14</sup> Scholte, "Global Capitalism and the State," pp. 446-447.

Scholte's position that globalisation affects the state, but does not destroy it, is relatively common. Strange believes that globalisation means that the state's authority over the economy and society no longer correlates with its territorial borders.<sup>15</sup> Her analysis finds that state power has been reduced in four important aspects: security; credit; knowledge; and production. Non-state authorities have moved into this vacuum, appropriating much of the power that states once had.<sup>16</sup> Acknowledging that many people believe the state is growing, Strange insists that while the quantity of government may be increasing, the quality of its authority is deteriorating. She notes that examples of this include many states' inability to perform some of its most fundamental functions: maintaining law and order; defending the territory from invasion; and interpreting disputes regarding property.<sup>17</sup>

While Friedman, Scholte and Strange all note the decline in the power of the state, they also point to its role in developing and maintaining a global economy.<sup>18</sup> Many analysts acknowledge this role and refer back to the work of Polanyi, who analysed the dialectical relationship between the state and the market, noting how it is impossible to disassociate the role of the state and the market in so-called liberal capitalism.<sup>19</sup> As Polanyi notes, "economic liberals must and will unhesitantly call for the intervention of the state in order to establish the market system, and once established, in order to

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<sup>15</sup> Susan Strange, *The retreat of the state: The diffusion of power in the world economy* (Cambridge: Cambridge University Press, 1996), p. ix.

<sup>16</sup> Ibid., pp. ix-xi.

<sup>17</sup> Ibid., p. xii.

<sup>18</sup> Friedman, *The Lexus and the Olive Tree*, p. 464; Scholte, "Global Capitalism and the State," pp. 441-442; Strange, *The retreat of the state*, p. xii.

<sup>19</sup> Tom Conley, "Globalisation as Constraint and Opportunity: Reconceptualising Policy Capacity in Australia," *Global Society* 16, no. 4 (2002), p. 194; Björn Hettne, "Introduction: The International Political Economy of Transformation," in *International Political Economy: Understanding Global Disorder*, ed. Björn Hettne (London: Zed Books, 1995), p. 3; Rob Knowles, *Political Economy from Below: Economic Thought in Communitarian Anarchism, 1840-1914* (New York: Routledge, 2004), p. 29.

maintain it.”<sup>20</sup> For states to implement policies that lead to globalisation, and therefore, according to a number of analysts, their emasculation or demise, suggests an almost suicidal wish on their behalf.

There are also a number of scholars who question the claim that globalisation will lead to the demise of the state, asserting that in many cases they are gaining power. Those who claim an increase in state power believe that some globalists have overstated its previous power and that it is difficult to determine what is meant by a powerful state when there are a variety of states throughout the globe who may demonstrate their power through different means.<sup>21</sup> Therefore, according to such analysts, it is difficult to determine whether power is ebbing away from governments. Further, some globalists have conceptualised the idea of state power as coercive and being demonstrated through its ability to execute its policies and achieve its goals, even in the face of powerful opposition. Due to this, it is extremely difficult for any state to be seen as powerful.<sup>22</sup> Weiss believes that a reduction in such coercive power does not necessarily mean a corresponding decline in overall power. Rather, what Weiss defines as “governed interdependence” should be considered. This is a situation whereby both public and private actors maintain a degree of autonomy, but act within the broader parameters established and monitored by the state. The advantage of this concept is that it explains situations where the state remains powerful while private organisations are also strong.<sup>23</sup>

Using this concept, Weiss argues that states have adapted over time, with the strongest states being those that have developed the strongest links between

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<sup>20</sup> Karl Polanyi, *The Great Transformation* (New York and Toronto: Rinehart & Company, 1944), p. 149.

<sup>21</sup> Michael Mann, “Has globalization ended the rise and rise of the nation-state?,” *Review of International Political Economy* 4, no. 3 (1997), p. 494.

<sup>22</sup> Weiss, *The Myth of the Powerless State: Governing the Economy in a Global Era*, p. 27.

<sup>23</sup> *Ibid.*, p. 38.

capital and state agencies.<sup>24</sup> In summary of her position, Weiss states that globalists' arguments concerning a borderless world economy and the decline in the nation-state disguise the actions of powerful states that have fundamentally altered the world economy and produced what is seen as globalisation.<sup>25</sup> This may be a possible answer to the question of why states have implemented policies that will supposedly lead to their demise.

Conley investigates the use of the notion of globalisation and the corresponding reduction in state power to disguise the actions of a powerful state. His analysis shows that politicians often prefer to cite globalisation as a constraint on their ability to govern and develop policies, rather than acknowledge their role in creating an environment conducive to its growth. Using the Australian Government as an example, Conley finds that three messages have been central to its "rhetoric of globalisation": the country's economic structure and policies are unsustainable; Australians will benefit if they embrace globalisation; and finally, there is no choice.<sup>26</sup> The last of these messages implies deterioration in state power and, as noted in Chapter Two, is popular with many globalists, including politicians.<sup>27</sup> Conley also tries to determine why politicians would promote a decline in their power, particularly when it is not completely true. He posits that it allows them to

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<sup>24</sup> Ibid., pp. 43-44.

<sup>25</sup> Ibid., p. 212.

<sup>26</sup> Conley, "Globalisation as Constraint and Opportunity," p. 384.

<sup>27</sup> Alexander Downer, "Globalisation or Globophobia: Does Australia have a choice?," *Minister for Foreign Affairs* (1 December 1997) <<http://pandora.nla.gov.au/pan/25167/20030602-0000/www.dfat.gov.au/media/speeches/foreign/1997/pressclub1dec97.html>> accessed 24 February 2010; John Howard, "Address to University Students, Belfield Campus, University College Dublin," *Prime Minister* (22 May 2006) <<http://pandora.nla.gov.au/pan/10052/20080118-1528/pm.gov.au/media/Speech/2006/speech1977.html>> accessed 24 February 2010; Friedman, *The Lexus and the Olive Tree*, p. 105 and p. 444; Gordon Brown, "The special relationship is going global," *The Sunday Times*, 1 March 2009, p. 21.

escape blame for the implementation of politically unpalatable policies, claiming that they had no choice but to do so.<sup>28</sup>

This short survey of the literature surrounding the effect of globalisation on the state demonstrates that, as with most issues surrounding the process, there is significant disagreement between analysts. Some envisage the demise of the nation-state, some see a decline in its role, while others argue that such arguments simplify reality and that the power of the state may have changed, but it has not necessarily diminished. However, with politicians often citing the effect of globalisation as a restraint on their ability to do as they wish, the popular perception has become that governments have lost some or most of their power.<sup>29</sup>

### **The 457 visa and the decline of the state**

Much of the work undertaken to investigate globalisation and the power of the state focuses on its ability to regulate and control the economy, not necessarily the flow of people. As noted in Chapter Two, migration is often overlooked in analyses of globalisation. This has meant that while the capacity of a government to control who enters and leaves their country is an essential element of sovereignty, the impact of globalisation on this is often disregarded. Although Australian politicians have talked about the reduction of barriers to trade and the flow of capital, they have continued to promote the view that control of people flows is an essential government function.<sup>30</sup>

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<sup>28</sup> Conley, "Globalisation as Constraint and Opportunity," p. 393.

<sup>29</sup> Tim Colebatch, "A Worldly Force For Good And Ill," *The Age*, 31 July 2001, p. 13; Michael Day, "Our Shrinking World," *The West Australian*, 6 November 2001; Kenneth Davidson, "Fear The March Of Global Capital," *The Age*, 13 December 1999, p. 15; "Who rules a world without boundaries?," *The Australian*, 3 October 1996, p. 13; Michael Costello, "What price nationhood?," *The Australian*, 30 April 1998, p. 13; James Button, "Can The Nation State Survive?," *The Age*, 8 July 1999, p. 4; Eugene Bingham, "Globalisation - For and Against," *New Zealand Herald*, 3 May 2001; Charlotte Denny, "Economics made easy," *The Guardian*, 12 June 2000, p. 23.

<sup>30</sup> This apparent contradiction between state's views over the flow of capital and people is often described as the "liberal paradox." For further information, see Anne McNevin, "The

The most famous example is John Howard's declaration in the lead-up to the 2001 Federal Election that "we will decide who comes to this country and the circumstances in which they come."<sup>31</sup> Such a view is supported by Labor's Immigration Minister, Chris Evans, who notes that a fundamental role for Australia's Government is to control the borders, and further, "everyone agrees on that."<sup>32</sup> Both sides of Australia's politics see the control of Australia's borders as an essential role of the state.

However, in both cases cited above, these statements were in relation to the arrival of asylum seekers. The role of the Government in the operation of the 457 visa program is promoted quite differently. Immigration Ministers from both major parties have described the program as "demand-driven,"<sup>33</sup> rather than government-driven. As Evans notes, the Government does not stipulate the number of 457 visas issued each year, suggesting the 457 visa program is not completely under its control.<sup>34</sup>

One possible reason for the difference between the Government's rhetoric concerning its control over Australia's refugee intake and the 457 visa program is the latter's link with globalisation. While the link between

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Liberal Paradox and the Politics of Asylum in Australia," *Australian Journal of Political Science* 42, no. 4 (December 2007), pp. 611-630.

<sup>31</sup> John Howard, "Transcript of Address at the Federal Liberal Party Campaign Launch, Sydney," *Prime Minister* (28 October 2001) <<http://pandora.nla.gov.au/pan/10052/20080118-1528/pm.gov.au/media/Speech/2001/speech1311.html>> accessed 3 February 2010.

<sup>32</sup> Evans in "Seeking Asylum," *Insight* (SBS, 15 May 2009) <<http://news.sbs.com.au/insight/episode/index/id/66#>> accessed 20 May 2009.

<sup>33</sup> For example, see Ruddock in House of Representatives, "Official Hansard," *Parliament of Australia* (6 September 2006) <<http://www.aph.gov.au/hansard/rep/dailys/dr060906.pdf>> accessed 23 May 2008, p. 86. and Chris Evans, "Government releases draft employer obligations for overseas workers," *Minister for Immigration and Citizenship* (12 February 2009) <<http://www.minister.immi.gov.au/media/media-releases/2009/ce09017.htm>> accessed 12 February 2009.

<sup>34</sup> Evans in Senate Standing Committee on Legal and Constitutional Affairs, "Official Committee Hansard: Supplementary Budget Estimates," *Parliament of Australia* (21 October 2008) <<http://www.aph.gov.au/hansard/senate/commtee/S11352.pdf>> accessed 31 October 2008, p. 26.

globalisation and the issues surrounding refugees has been investigated,<sup>35</sup> the Australian Government has rarely used it as a rationale for its policies dealing with asylum seekers. In contrast, globalisation has often been invoked as a reason for the development of temporary migration programs. For this reason, migration control may be seen as much more difficult when dealing with 457 visa holders.<sup>36</sup>

While the rhetoric around the program suggests the state has lost power, this does not consider the program's regulatory framework, and therefore whether the Government has actually handed control over to businesses and visa holders.

Determining who may participate is an issue of utmost importance in the operation of any labour migration program. If an individual worker decides they wish to become a 457 visa holder, they must find an employer who is willing to sponsor them. In contrast, this is not a requirement of other visas allowing temporary entry to Australia's labour market, primarily those for

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<sup>35</sup> Philip Marfleet, *Refugees in a Global Era* (Basingstoke: Palgrave Macmillan, 2006); Jeff Crisp, *A new asylum paradigm? Globalization, migration and the uncertain future of the international refugee regime*, New Issues in Refugee Research (Geneva: United Nations High Commissioner for Refugees, December 2003) <<http://www.unhcr.org/3fe16d835.html>> accessed 22 July 2009; Anne McNevin, "Political Belonging: Non-Status Migrants in a Globalised Age" (The Australian National University, 2006); McNevin, "The Liberal Paradox and the Politics of Asylum in Australia."

<sup>36</sup> While there appears to be a disconnect between politicians' comments about the 457 visa program and asylum seekers, this is not to say that the two types of migration have not been connected. In particular, a number of Liberal politicians, including Opposition Leader Tony Abbott, have observed that the Howard Government was able to gain public support for a larger overall migration program by strengthening border control (see Tony Abbott, "Joint Doorstop Interview, Perth," (23 July 2010) <<http://www.tonyabbott.com.au/LatestNews/InterviewTranscripts/tabid/85/ArticleType/ArticleView/ArticleID/7503/Default.aspx>> accessed 28 July 2012). Whether this is an accurate reflection is debatable; the Howard Government did manage to significantly increase the overall level of migration (including those entering Australia using 457 visas), this was achieved in a period of economic growth and low unemployment. This meant that many of the common arguments against migration, that it would have a negative economic impact, particularly an increase in unemployment, were much less likely to gain traction. The relationship between the 457 visa and asylum seeker policy in Australia is an area of research that has so far been under-examined. However, given that this thesis is focused on the purported affect of globalisation on the 457 visa program, this relationship is not further examined.



international students (who must provide evidence that they are enrolled at an educational institution in Australia) and working holiday makers. This means that businesses exert an amount of control over decisions regarding who may access the program.

Nevertheless, the Government still plays a significant role in determining eligibility criteria for the program. To participate in the program, employers and employees must meet a number of prerequisites. For an employer to be involved, they must be lawfully and actively operating a business (or demonstrate that it is necessary for the worker to be in Australia in order to establish a new business activity), be the direct employer of the proposed employee, have a history of abiding by immigration laws, demonstrate that the employment of a 457 visa holder would benefit Australia, and show how participation in the program will improve the skills of their existing workforce.<sup>37</sup> Not all businesses can therefore participate in the program, demonstrating that the Government still has power to determine which employers can sponsor 457 visa holders.

In addition to the requirement that potential migrants be sponsored by an eligible employer, they must also show evidence of an ability to successfully undertake the work required of the nominated position, demonstrate a specified level of proficiency in English, pass a health check, indicate that they will act lawfully while in Australia and meet character requirements.<sup>38</sup> While businesses play an important role in selecting which worker will be offered the nominated position, the Government still has the final say as to whether the visa is granted.

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<sup>37</sup> Department of Immigration and Citizenship, "Temporary Business (Long Stay) - Standard Business Sponsorship (Subclass 457): Employer Eligibility," (2009) <<http://www.immi.gov.au/skilled/skilled-workers/sbs/eligibility-employer.htm>> accessed 28 May 2009.

<sup>38</sup> Department of Immigration and Citizenship, "Temporary Business (Long Stay) - Standard Business Sponsorship (Subclass 457): Employee Eligibility," (2009) <<http://www.immi.gov.au/skilled/skilled-workers/sbs/eligibility-employee.htm>> accessed 28 May 2009.

The Government also has significant power over the worker while they are in Australia. If a visa holder is found not to meet a criterion, their visa may be revoked, meaning they will be deported. The most infamous example of the Government cancelling a 457 visa is the case of Dr Mohamed Haneef. His visa was cancelled by then Immigration Minister Kevin Andrews on character grounds because the Minister believed that Haneef had an association with those involved in attempted terrorist attacks in the United Kingdom in 2007.<sup>39</sup> Although the Federal Court later ruled that the Minister had misinterpreted the character test, and that Haneef's visa should therefore be reinstated,<sup>40</sup> this was based on the circumstances of the particular case. The Government has the power, and the right, to revoke a 457 visa.

One way to measure how much control the Government has over the operation of the program is to compare the number of applications for 457 visas to the number granted. In 2008-09, there were 54,810 applications for primary 457 visas. During this period, 50,660 were granted.<sup>41</sup> This analysis does not follow the success or failure of each individual application, but rather notes the number of applications submitted and the number of visas granted in a year. Approximately one in twelve applications was denied by the Government. Further, data for 2007-08 shows a similar rate of rejection.<sup>42</sup>

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<sup>39</sup> Kevin Andrews, "Press Conference: Kevin Andrews announces that he has revoked the visa of Dr Haneef," *Minister for Immigration and Citizenship* (16 July 2007) <[http://pandora.nla.gov.au/pan/67564/20071110-0000/www.minister.immi.gov.au/media/media-releases/2007/ka\\_transcript\\_0727.html](http://pandora.nla.gov.au/pan/67564/20071110-0000/www.minister.immi.gov.au/media/media-releases/2007/ka_transcript_0727.html)> accessed 24 February 2010; Hedley Thomas and Kevin Meade, "Visa ruling robs doctor of freedom," *The Australian*, 17 July 2007, p. 1.

<sup>40</sup> Cosima Marriner, Sarah Smiles, and Amrit Dhillon, "Haneef gets green light to return," *The Age*, 22 December 2007, p. 1.

<sup>41</sup> Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2008/09," (2009) <<http://www.immi.gov.au/media/statistics/pdf/457-stats-state-territory-june09.pdf>> accessed 13 August 2009, Tables 1.01 and 1.07.

<sup>42</sup> In 2007/08, 61,390 applications were received and 58,050 visas were granted. Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2008/09," (2009)

This demonstrates that the Australian Government plays an important role in determining who may participate in the 457 visa program. In an obvious example of control, the Government establishes, adjusts and monitors the eligibility criteria of the program. While employers and potential migrants obviously have some control over who participates, the final decision remains with the Australian Government.

A critical eligibility criterion for the 457 visa is the type of work to be undertaken. Each year the Government lists which occupations are valid for a 457 visa. For an application to be successful the nominated position must correspond to one of these. Although this list has remained relatively similar from year to year, a comparison of 2006 and 2007 shows that four occupations in the meat processing industry were removed. This provides an example of how the Government can determine the type of work 457 visa holders permitted to carry out.<sup>43</sup> These changes appear to be in response to evidence presented to the Joint Standing Committee on Migration. The committee's report outlines a number of concerns relating to the use of the 457 visa program in the meat processing sector and recommends further policy refinement.<sup>44</sup> Rather than showing how the Government is losing

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<<http://www.immi.gov.au/media/statistics/pdf/457-stats-state-territory-june09.pdf>> accessed 13 August 2009, Tables 1.01 and 1.07.

<sup>43</sup> Compare Kevin Andrews, "Minimum Salary Levels and Occupations for the Temporary Business Long Stay Visa" (Commonwealth of Australia, 7 September 2007)

<[http://www.comlaw.gov.au/ComLaw/Legislation/LegislativeInstrument1.nsf/0/5C92E5E53ED57277CA25735200063E9F/\\$file/070228120B120G120GAMinimumsalarylevelsOccupationsfor457IMM.pdf](http://www.comlaw.gov.au/ComLaw/Legislation/LegislativeInstrument1.nsf/0/5C92E5E53ED57277CA25735200063E9F/$file/070228120B120G120GAMinimumsalarylevelsOccupationsfor457IMM.pdf)> accessed 28 May 2009. and Amanda Vanstone, "Minimum Salary Levels and Occupations for the Business Long Stay Visa" (Commonwealth of Australia, 24 April 2006)

<[http://fedlaw.gov.au/ComLaw/Legislation/LegislativeInstrument1.nsf/0/E30A39C5E96A443ACA257160008110C4/\\$file/060410+-+1.20B,+1.20G\\_2\\_+and+1.20GA\\_1\\_\\_a\\_\\_i+\\_IMMI+06028\\_.pdf](http://fedlaw.gov.au/ComLaw/Legislation/LegislativeInstrument1.nsf/0/E30A39C5E96A443ACA257160008110C4/$file/060410+-+1.20B,+1.20G_2_+and+1.20GA_1__a__i+_IMMI+06028_.pdf)> accessed 28 May 2009. The occupations removed were: Supervisors, Meat Tradesperson (ASCO 4511-01); Butcher (4511-11); Smallgoods Maker (4511-13); and Slaughtertperson (4511-15).

<sup>44</sup> Joint Standing Committee on Migration, "Temporary visas ... permanent benefits: Ensuring the effectiveness, fairness and integrity of the temporary business visa program," *Parliament of Australia* (August 2007)

control of the program, this shows that it can easily react to public sentiment and adjust which types of jobs 457 visa holders may do.

Although the ability to determine who participates in the program and the occupations that visa holders may undertake is important, the primary argument for a decline in the state's power is that it has little control over the number of visas granted. As noted above, the program is often described as being demand driven. Governments have also been eager to ensure that people are aware that the program is "uncapped."<sup>45</sup> That is, unlike the permanent migration program, the Government does not establish an upper limit on the annual intake of 457 visa holders. In discussing his ability to manage the migration program, Immigration Minister Chris Evans has noted that because a high proportion of migrants enter through uncapped schemes, such as the 457 visa program, he is not "running the system."<sup>46</sup> The implication from such statements is that the Government has little or no control over its operation.

In the same speech, the Minister stated that the only way to gain control over these programs is to put a cap on the number of visas issued each year.<sup>47</sup> Nevertheless, there are a number of other ways that the Government can influence the number of visas issued each year. As discussed, it is possible for the Government to adjust the restrictions on who is eligible for the program.

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<<http://www.aph.gov.au/house/committee/mig/457visas/report/fullreport.pdf>> accessed 13 September 2007.

<sup>45</sup> Chris Evans, "Record skilled migration program to boost economy," *Minister for Immigration and Citizenship* (13 May 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/ce01-buget-08.htm>> accessed 22 December 2009; Chris Evans, "Integrity review of temporary overseas worker scheme released," *Minister for Immigration and Citizenship* (14 November 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/ce08108.htm>> accessed 18 November 2008.

<sup>46</sup> Chris Evans, "Address to Catalyst Forum on Temporary Migration," *Minister for Immigration and Citizenship* (6 May 2008) <<http://www.minister.immi.gov.au/media/speeches/2008/ce08-06052008.htm>> accessed 24 September 2008.

<sup>47</sup> Ibid.

Although this is a relatively blunt instrument, it would have a significant impact on the size of the program. Fewer eligible occupations would probably mean a fall in the number of visas granted, while a move to include all occupations in the program would surely increase the number.

Statements by the Government show they are aware of the impact of policy changes on the size of the program. In an attempt to explain the drop in the number of 457 visas issued in 2008-09, the Minister for Immigration noted that this was not only due to a slowing economy, but also to changes the Government had implemented.<sup>48</sup> Although the Minister was attempting to demonstrate how the Government is protecting Australian jobs, such a statement demonstrates that talk of the market controlling the size of the program is only half of the story. This analysis was supported by the Department of Immigration's principal advisor on migration strategies, who noted that while it is difficult to disentangle the effect of Government changes from that of the deterioration of the labour market, these changes definitely had some impact.<sup>49</sup>

Further to its ability to exert some control over the size of the program through adjusting eligibility criteria, the Government is also able to use its considerable influence to promote the program in periods when it desires higher participation. Departmental officers are out-posted to employer and industry groups to provide information about the potential of the Government's migration programs to assist business fill gaps in their workforce.<sup>50</sup> A similar role is fulfilled by officials in regional areas, who

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<sup>48</sup> Chris Evans, "Temporary overseas worker numbers falling," *Minister for Immigration and Citizenship* (25 May 2009) <<http://www.minister.immi.gov.au/media/media-releases/2009/ce09043.htm>> accessed 22 July 2009.

<sup>49</sup> Kukoc in Senate Legal and Constitutional Legislation Committee, "Official Committee Hansard: Budget Estimates," *Parliament of Australia* (27 May 2009) <<http://www.aph.gov.au/hansard/senate/committee/S12041.pdf>> accessed 23 November 2009, p. 83.

<sup>50</sup> Bob Kinnaird, "Current Issues in the Skilled Temporary Subclass 457 Visas," *People and Place* 14, no. 2 (2006), pp. 45-50.

develop relationships with employers, state and local governments and chambers of commerce.<sup>51</sup> These officers provide an explicit example of the Government influencing the popularity of the 457 visa program in the business community and therefore the number of visa applications.

An important aspect of the 457 visa program is the determination of the conditions under which the migrants are employed, and in particular the level of wages. Decisions over the level of remuneration are left primarily to the migrant and sponsoring employer. However, by establishing a minimum salary level the Government has ensured that remuneration is not left purely to market forces. Analysing the MSL in 2007-08, it can be seen that it is set significantly lower than the average rates of pay for eligible occupational groups. Workers with 457 visas in non-regional areas of Australia were required to be paid an annual salary of at least \$41,850.<sup>52</sup> As shown in Table 3.6, the average salary of 457 visa holders in ASCO groups 1-4 was significantly more than this.<sup>53</sup> This is not a surprising outcome given that employers are unlikely to report to the department that they are paying 457 visa holders less than the MSL, meaning that the average must be higher than the minimum permitted. However, it is notable that the MSL was significantly lower than average salary earned by Australian workers in these ASCO groups.<sup>54</sup> A similar situation is evident when the salaries of workers in ASCO groups 5-7, and therefore required to be in regional areas, are analysed. Although the Government establishes a minimum salary that 457 visa holder

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<sup>51</sup> Visa Subclass 457 Integrity Review, "Final Report," *Minister for Immigration and Citizenship* (October 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/457-integrity-review-report.pdf>> accessed 19 November 2008, p. 80.

<sup>52</sup> Andrews, "Minimum Salary Levels and Occupations for the Temporary Business Long Stay Visa," p. 2.

<sup>53</sup> Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2007/08," (2008) <[http://www.immi.gov.au/media/statistics/pdf/457\\_stats\\_07\\_08.pdf](http://www.immi.gov.au/media/statistics/pdf/457_stats_07_08.pdf)> accessed 23 July 2008, Table 1.11.

<sup>54</sup> Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership: Australia*.

must receive, it is significantly lower than the average wage for equivalent workers, meaning that if 457 visa holders are to receive salaries comparable to Australian workers, they must negotiate this with their employer. Therefore, the effect of this regulation on the operation of the program appears to be relatively limited. From this perspective, the Government's mandated minimum wage appears to play only a small role in the determination of 457 visa holders' salaries.

This is not to suggest that the capacity of the Government to establish a minimum wage for 457 visa holders is not an important power. Firstly, it is not possible to know what would happen if such a minimum was removed. Salaries may fall dramatically. Secondly, it is worth noting that the degree of government control has caused concern in some business circles. In its report on the program in 2007, the Joint Standing Committee on Migration outlined the concerns of employers in agriculture, tourism and hospitality, who suggested that 457 visa holders had to be paid more than Australian workers in equivalent positions because of the MSL. Employer representatives from these sectors implored the committee, and through it the Government, to make changes to the process by which the minimum salary is calculated, and to ensure that it reflects conditions in their industries.<sup>55</sup> This indicates that the MSL may force employers in some industries to pay 457 visa holders more than they do Australian workers. Although it does not appear to be a widespread issue, it is evident that the Government's ability to establish a minimum rate of pay does affect the operation of the program in some cases.

Such concerns over the calculation and enforcement of the MSL have continued to be voiced by various groups. In her report into the operation of the program, Deegan outlines some further concerns over the MSL.<sup>56</sup> In

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<sup>55</sup> Joint Standing Committee on Migration, "Temporary visas ... permanent benefits," pp. 35-36.

<sup>56</sup> Visa Subclass 457 Integrity Review, "Final Report," pp. 26-27.

response to these criticisms, she recommends that a market-based approach to wage determination be adopted, whereby migrant workers are paid the rate outlined in the collective agreement relevant to their position. When this is not possible, she suggests that representatives of the employer and worker negotiate a suitable outcome. If there is still a dispute, the federal industrial tribunal should issue a ruling.<sup>57</sup>

Due to this recommendation, the Rudd Government announced its intention to move towards a market-based system to determine the minimum salary of 457 visa holders.<sup>58</sup> This new system was introduced in September 2009. However, as late as 2007 there were concerns within the public service as to the efficiency and effectiveness of such a system, with a senior official from the Department of Employment noting that it is extremely difficult to determine a market rate for an occupation, and even harder to take geographical differences into consideration.<sup>59</sup>

Whatever the system used to determine the minimum rate of pay for 457 visa holders, it is evident that the Government plays a major role in its formation. Under the MSL system, the Government effectively established the minimum rate that migrant workers could be paid, a level higher than some employers wanted to pay. Although the Government has moved toward a market-based system, this still includes a government-mandated minimum and demonstrates the power it has to change how the program operates.

The Government maintains power over not only 457 visa holders' remuneration levels but also other working conditions. In addition to the

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<sup>57</sup> Ibid., p. 30.

<sup>58</sup> Chris Evans, "Government announces changes to 457 visa program," *Minister for Immigration and Citizenship* (1 April 2009) <<http://www.minister.immi.gov.au/media/media-releases/2009/ce09034.htm>> accessed 23 November 2009.

<sup>59</sup> Manthorpe in Joint Standing Committee on Migration, "Temporary visas ... permanent benefits," p. 39.



regime that attempts to protect the conditions of all workers in Australia, the employment of workers with 457 visas is monitored by the Department of Immigration. Officials are able to request information from, and visit, employers in an attempt to determine whether they are complying with the various regulations that govern the operation of the program.<sup>60</sup> During 2006-07, the Department monitored the compliance of 6,858 employers nationwide, out of a total of 14,780 sponsors. This led to 1,680 site visits, 507 investigations and 95 warnings.<sup>61</sup> Although only a small proportion of employers are sanctioned, the ability of the Government to monitor and control 457 visa holders' working conditions indicates the power it retains over the program.

A number of cases in the Canberra hospitality industry demonstrate this. In early 2006, an opposition Senator named three restaurants that she accused of mistreating migrant workers by forcing them to work in substandard conditions and for less than the minimum wage.<sup>62</sup> An investigation was launched in response to these allegations, which confirmed the Senator's accusations and led to legal action being taken against two of the restaurants.<sup>63</sup> In addition to being fined for this exploitation, these restaurants were banned from accessing the 457 visa program for up to three years.<sup>64</sup>

Lastly, one can also view the development of the program as demonstrating the power of the government. In particular, aspects of the program that are

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<sup>60</sup> Department of Immigration and Citizenship, "Discussion Paper: Business (Long Stay) Subclass 457 and related temporary visa reforms," (2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/discussion-paper-for-legislation.pdf>> accessed 30 June 2008, pp. 21-22.

<sup>61</sup> Visa Subclass 457 External Reference Group, *Final Report to the Minister for Immigration and Citizenship*, p. 33.

<sup>62</sup> Lundy in Senate, "Official Hansard," (27 February 2006), pp. 42-43.

<sup>63</sup> Victor Violante, "Belconnen restaurant fined \$50,000 for underpayments," *Canberra Times*, 3 February 2007, p. 2; Victor Violante, "Manuka restaurant exploited migrants," *Canberra Times*, 17 January 2007, p. 3.

<sup>64</sup> Danielle Cronin, "Four restaurants banned from bringing in migrants," *Canberra Times*, 1 November 2006, p. 5.

purportedly a response to globalisation actually demonstrate the power of the Australian Government. As shown previously, the temporary nature of the visa and the ability of individuals from any country to gain one supposedly demonstrate the impact of globalisation. However, although the visa is temporary rather than permanent, and thus for Hugo a response to globalisation, the reason for this appears to be the wishes of the Australian Government, rather than those of the migrants. As outlined in Chapter Three, 84 per cent of 457 visa holders intend to settle permanently in Australia. Rather than being a response to globalisation, the temporary nature of the 457 visa actually demonstrates the power of the Australian Government to implement a program it wants. It does not reflect the wishes of the migrants; many appear to be only accessing the program in the belief that it could be the first step in permanent migration to Australia.

A similar outcome is apparent when the data from Chapter Four is considered. The Government has shown its power to introduce a visa program that allows the migration of citizens of any country. But the major source country for migrants continues to be the United Kingdom. Again, the design of the program does not reflect the needs of a global labour market, but those of the Australian Government, revealing its continued power to design and control migration.

This appears to confirm the findings of Polanyi. Although globalisation (or liberal capitalism as he called it) purports to lead to the dominance of the market and decline of the state, the state itself is actually required to establish and support the system. The Australian Government has established a visa program that is a response to globalisation, one which facilitates the temporary migration of workers from any country in the world, but the response of migrants demonstrates that they do not view migration in this way. The state has therefore introduced a program to encourage the globalisation of migration, rather than one in response to the process,

demonstrating the powerful role that the state plays in establishing globalisation.

While the popular perception of globalisation is that it is a force that shifts power away from governments and towards transnational companies and global markets, evidence from the 457 visa program suggests that the Australian Government continues to maintain substantial control over temporary migration. Analysing some of the major decisions involved in the program, it can be seen that although migrants and employers have significant input into a number of issues, the Government continues to be the final arbiter. Employers and migrants can decide whether they want to apply, but the Government continues to have the capability to determine who can participate. It also controls the jobs that migrants can undertake and the minimum they must be paid. Although the Government does not set an upper limit on the number of 457 visas that can be issued each year, it is evident that through decisions it makes such as who is eligible to participate in the program, along with its willingness to promote access to the program, they have some control over the size of the program. This continues the history of border control that Australian Governments have always claimed is their sovereign right and responsibility.

### **Benefits to the state of the 457 visa program**

The evidence presented so far in this chapter shows that while globalists claim that globalisation will lead to a significant reduction in the power of the state, such a change is not evident in relation to the 457 visa program. However, as will be shown, claims that it has less power actually disguise the fact that it delivers a number of benefits to the Government.

Immigration is one issue that cuts across standard political ideologies. As Rosenblum and Cornelius note, immigration causes “business associations

and civil libertarians [to] line up against unions and cultural conservatives.”<sup>65</sup> For this reason, immigration policy can cause difficulties for parties, as they attempt to maintain their traditional support base that often consists of two camps with diametrically opposed positions on the issue. In effect, traditional party loyalties can evaporate and new coalitions form.

Issues surrounding immigration are often used in what is called wedge politics. Allegedly first implemented in the 1990s by the Republican Party in the USA, wedge politics is an attempt to split the support base of an opposing party.<sup>66</sup> The Howard Government was often accused of engaging in wedge politics, particularly around the issue of asylum seekers, where the views of traditional ALP supporter groups differed significantly.<sup>67</sup> Labor’s traditional support base consists of the working-class and social progressives. Policies to deal with the arrival of asylum seekers on boats in an unauthorised manner often demonstrate how the views of these two groups differ significantly. This cleavage in the Labor vote was extremely obvious during the 2001 federal election where the issue of refugees was central.<sup>68</sup>

However, it is not just the issue of refugees that causes such cleavages to come to the surface. Further, it is also not just the ALP whose traditional

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<sup>65</sup> Wayne A. Cornelius and Marc R. Rosenblum, “Immigration and Politics,” *Annual Review of Political Science* 8 (2005), p. 107.

<sup>66</sup> Shaun Wilson and Nick Turnbull, “Wedge Politics and Welfare Reform in Australia,” *Australian Journal of Politics & History* 47, no. 3 (2001), p. 385.

<sup>67</sup> Leisa Scott, Claire Harvey, “Hopes blown out of water,” *The Australian*, 18 August 2001, p. 21; Matt Price, “Cries of ‘shame’ ring hollow,” *The Australian*, 29 August 2001, p. 2; Malcolm Farr, “An end to Labor and Liberal unity: Howard’s motives challenged,” *The Daily Telegraph*, 31 August 2001, p. 4; Shaun Wilson, “Job Security Is Labor’s Best Tool To Blunt PM’s Wedge,” *Sydney Morning Herald*, 15 October 2001, p. 14; Duncan Kerr, “True Believers’ Will Reject Wedge Politics,” *Newcastle Herald*, 13 February 2002, p. 9; Dennis Atkins, “Wedge politics overboard,” *The Courier-Mail*, 25 February 2002, p. 11.

<sup>68</sup> Ian Ward, “The Tampa, Wedge Politics, and a Lesson for Political Journalism,” *Australian Journalism Review* 24, no. 1 (2002), p. 31; Dennis Glover, “Mr Howard Goes to Washington - And Brings Home Victory,” *Australian Universities Review* 46, no. 2 (2004), pp. 9-10; Andrew Herd, “Refugees in the 2001 Australian federal election: an analysis using the backfire model” (Master of Arts (Research), Wollongong: University of Wollongong, 2006) <<http://ro.uow.edu.au/theses/625>> accessed 1 March 2011.

support base is split on the issue of migration. The Liberal-National Coalition is made up of economic liberals in the business community who favour high migration and social conservatives who are “inclined towards policies that keep foreigners out.”<sup>69</sup> In 2006, it was believed that if then leader of the ALP, Kim Beazley, attacked the Howard Government’s championing of the 457 visa program, he could successfully split the Government’s support base. However, there are important elements of the 457 visa program that suggest that rather than being a policy that could split a party’s support base, it is one which can consolidate it. Although this is true for both major Australian parties, it is particularly so for the Liberal-National Coalition.

The business community has traditionally been a vital part of the Coalition’s, and in particular Liberal Party’s, supporter base. Employers have also been one of the biggest supporters of a large immigration program, viewing it as providing additional potential employees and customers.<sup>70</sup> As will be shown in the next chapter, the business community has played a central role in the development of the 457 visa program and is a strong supporter of it.

The second part of the Coalition’s support base is the social conservative vote. This group is particularly suspicious of migration, believing it is a threat to the Australian community. They are therefore supportive of politicians who express nationalist sentiments. A subset of this group also express concerns over the effect of migration on the job prospects of Australians. Dubbed “Howard’s Battlers,” they are often said to be found in the suburbs of Australia’s major cities and are traditional Labor voters.<sup>71</sup> Their vote was

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<sup>69</sup> Jason Koutsoukis, “Kim’s winning wedge,” *Sunday Age*, 15 October 2006, p. 17.

<sup>70</sup> Graham Bradley, “If We Want More People We Have To Plan Better,” *The Australian*, 31 March 2010, p. 14; Australian Chamber of Commerce and Industry, *Addressing Australia’s Labour Shortages*, ACCI Review (December 2007) <<http://www.acci.asn.au/getattachment/f29dbaf8-e9db-4e2a-b786-93ad435c9ec0/Addressing-Australia-s-Labour-Shortages.aspx>> accessed 31 January 2011, p. 10.

<sup>71</sup> Wilson and Turnbull, “Wedge Politics and Welfare Reform in Australia,” pp. 391-395.

captured by the Coalition in 1996, and continued to play an important role in maintaining Howard's Prime Ministership until 2007.

As a group that once voted Labor but whose allegiances shifted to the Coalition, those described as "Howard's Battlers" are the quintessential swing voters. To win Government, it is important for a political party to attract a significant proportion of this group, and it was they which Beazley felt he could attract to the ALP if he continued to criticise the 457 visa program. The significance of this is noted by a journalist who says that "it [the 457 visa scheme] frightens exactly the same group of voters that Howard won over in 2001 with his tough stance against asylum seekers."<sup>72</sup> Although it is true that both cases involved the issue of migration, there are significant differences between 457 visa holders and refugees that suggest that rather than acting as a wedge that splinters the Coalition's support base, the 457 visa program can actually hold it together.

Most criticism of the 457 visa program is likely to come from two perspectives: its effect on the culture of the nation; and its effect on the job prospects of Australian workers. Firstly, as shown in the previous chapter, rather than destroying national identity, the 457 visa scheme works to ensure its survival. By only allowing 457 visa holders to remain in Australia on a temporary basis, the Government is indicating that they are not the same as Australian citizens. They are unable to vote and have restrictions placed on them that others do not. It is therefore possible for the Government to demonstrate to those in the electorate that are concerned about such migration, that its effect on the culture is minimal, and definitely not permanent. Secondly, concerns over the impact of 457 visa holders on the labour market can also be placated. This is evident during the economic downturn during 2008-09, when the Government was quick to point out that

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<sup>72</sup> Koutsoukis, "Kim's winning wedge."

the first workers to lose their jobs should be those on 457 visas.<sup>73</sup> Again, the Government was showing that its major concern was the welfare of Australian citizens, negating the argument, “what is the government of Australia for if it’s not to stop this sort of nonsense [the employment of 457 visa holders] and look after Australians?”<sup>74</sup> As noted in Chapter Three, there are a number of cases where 457 visa holders were not the first to be sacked. However, negative public reaction to this was primarily directed at the business involved, not the Government.<sup>75</sup>

There are therefore a number of arguments that the Government can use to soothe concerns over the effect of 457 visa holders on both the national culture and labour market. At the same time, the business community can be relied upon to remain supportive of the program, as it delivers skilled workers when they require them. As will be shown in the following chapter, the business community has been deeply involved in the development of the program, which also delivers a number of benefits to them. Rather than a type of migration that is likely to drive a wedge between groups that support the Coalition, the 457 visa is one form of migration that has the potential to please both.

While the benefits to the Coalition are clearly evident, it is also true that the 457 visa program can provide political benefits to the Labor Party. Although the business community traditionally supports the Liberal Party move heavily,

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<sup>73</sup> Chris Evans, “Meat industry should source local labour first,” *Minister for Immigration and Citizenship* (12 March 2009) <<http://www.minister.immi.gov.au/media/media-releases/2009/ce09028.htm>> accessed 10 February 2010; Chris Evans in Senate Legal and Constitutional Legislation Committee, “Official Committee Hansard: Additional Estimates,” *Parliament of Australia*, (24 February 2009) <<http://www.aph.gov.au/hansard/senate/commtee/S11640.pdf>> accessed 23 November 2009, p. 19.

<sup>74</sup> Alan Jones in Koutsoukis, “Kim’s winning wedge.”

<sup>75</sup> Yasmine Phillips and Kim MacDonald, “Magellan sacks lead mine staff,” *The West Australian*, 24 October 2008, p. 5.

the ALP also attempts to gain its trust by being “economically responsible.”<sup>76</sup> One way to do this is by maintaining an expansive migration program. This also garners the support of socially progressive groups in Australia who advocate for the free movement of people, an important Labor constituency. However, the trouble for the ALP is maintaining the support of trade unions, who are some of the biggest critics of the 457 visa program, believing that it is a way for business to bring in additional workers to drive down the wages and conditions of their members. In an attempt to somewhat placate union concerns, the Labor Government has consulted with their representatives and introduced safeguards to protect workers.<sup>77</sup> Finally, it is unlikely that large proportions of the union movement would move their support to the Liberal Party with its ideological and historical commitment to deregulating the labour market.

The 457 visa scheme therefore has the potential to provide political benefits to the major parties. Nevertheless, there are other advantages to administering such a program, no matter which party has power. The 457 visa only permits the holder to stay in Australia while they are sponsored by an employer and for up to four years. However, it does not prevent them from applying for a permanent visa. In 2006, then Immigration Minister Vanstone argued that because 87 per cent of 457 visa holders had, or intended to, apply for permanent residency, they were not “‘indentured’ guest workers, with no security of tenure.”<sup>78</sup> Vanstone’s argument is incorrect as the right to apply for permanent residency does not mean that 457 visa holders have the right

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<sup>76</sup> Tom Bramble, “Managers of discontent,” in *Class and struggle in Australia seminar series* (The Australian National University, 2004) <[http://dspace.anu.edu.au/bitstream/1885/42633/1/Managers\\_of\\_discontent.pdf](http://dspace.anu.edu.au/bitstream/1885/42633/1/Managers_of_discontent.pdf)> accessed 18 March 2010, pp. 4-5.

<sup>77</sup> Evans, “Government announces changes to 457 visa program”; Evans, “Address to Catalyst Forum on Temporary Migration”; Evans, “Integrity review of temporary overseas worker scheme released.”

<sup>78</sup> Amanda Vanstone, “Leading Academics Applaud the 457 Visa,” *Minister for Immigration and Multicultural Affairs* (15 August 2006) <<http://www.minister.immi.gov.au/media/media-releases/2006/v06182.htm>> accessed 6 September 2007.



to permanent residency, meaning their tenure is not secured beyond the period of their visa. That such a high proportion of visa holders intended to apply for a permanent visa means that it is seen as “two-step” migration program, or a “try before you buy” system.<sup>79</sup>

Many 457 visa holders obviously view the program as an avenue through which they can gain permanent residency. This has significant benefits for the Australian Government. As previously noted, Immigration Minister Chris Evans has expressed his support for 457 visa holders becoming permanent migrants and noted the benefits of this to the Australian Government.<sup>80</sup>

The 457 visa program has therefore provided the Government with a mechanism through which they can find the “perfect migrant.” It acts as a screening mechanism through which the Government can decide whether that person suits the needs of Australia. As shown in Chapter Three, a significant proportion of 457 visa holders have become permanent migrants, suggesting that it is a popular pathway through which to gain permanent residency.

In addition to these benefits, there are a number of economic reasons for a government to have a temporary worker program such as the 457 visa. Firstly, there are considerable savings for the government. By importing workers, and in particular skilled workers, the state is able to save money on education and training. Skilled workers are vital to the Australian economy,

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<sup>79</sup> Peter Mares, “Toil and Trouble in the 457 Visa System,” *Canberra Times*, 13 June 2009, p. 10. Also see Peter Mares, “The immigration two-step,” *The National Interest* (ABC Radio, 3 July 2009)  
<<http://www.abc.net.au/rn/nationalinterest/stories/2009/2616441.htm#transcript>>  
accessed 10 July 2009.

<sup>80</sup> Evans in Senate Legal and Constitutional Legislation Committee, “Official Hansard,” p. 80. This belief was also expressed in a previous hearing by the Chief Executive Officer of the Migration Institute of Australia, Joint Standing Committee on Migration, “Official Committee Hansard,” *Parliament of Australia* (16 May 2007)  
<<http://www.aph.gov.au/hansard/joint/commtee/J10274.pdf>> accessed 29 May 2009, p. 27.

and the 457 visa program provides these while also ensuring that the Government does not incur the costs of their primary, secondary and tertiary education.

The sponsorship requirements placed on 457 visa holders mean that they must be employed in order to remain in Australia, meaning that they are not entitled to unemployment benefits. This is of particular benefit to the Government during an economic downturn. Traditionally, when unemployment increases, the budget will go into deficit as tax returns fall and unemployment benefit payments increase. In the case of 457 visa holders, if they are made redundant, tax returns will fall but unemployment benefits will not increase.

The Government is also not responsible for the health care costs of 457 visa holders. Unless the worker is from a country with a reciprocal arrangement with Australia regarding Medicare, their medical costs, and those of their families, are paid by the sponsoring employer.<sup>81</sup> This is significantly different to permanent migration. In the case of applications for permanent migration, the potential cost of migrants' health care is central to determining their suitability.<sup>82</sup> Again, there are significant potential savings to Australia's health budget if the Government encourages the migration of 457 visa holders rather than permanent migration.

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<sup>81</sup> Department of Immigration and Citizenship, "Subclass 457-Business (Long Stay) visa, Information for workers: Accommodation, family and health care," (n.d.) <[http://www.immi.gov.au/skilled/\\_pdf/457-accom.pdf](http://www.immi.gov.au/skilled/_pdf/457-accom.pdf)> accessed 7 November 2008, p. 1. Changes introduced by the Labor Government in September 2009 mean that responsibility for ensuring that 457 visa holders have health insurance is that of the worker, rather than the employer. See <http://www.immi.gov.au/skilled/skilled-workers/sbs/457-health-insurance.htm>.

<sup>82</sup> For an example of the difference between the two types of migrants, see the case of Dr Bernhard Moeller and his family. Dr Moeller was in Australia on a 457 visa and applied for permanent residency, but was originally denied due to his son's Down syndrome. The ruling was eventually overturned, but does demonstrate the difference between the Government's treatment of temporary migrants and permanent migrants. See Alecia Simmonds, "Barring disabled migrants makes Australia the loser," *The Age*, 4 February 2010, p. 19.

The savings made by the Government by enabling the temporary migration of workers do not only occur while the 457 visa holder is in Australia. Once the worker becomes superfluous to the needs of their employer and the Australian economy as a whole, they are required to leave. Although there are short-term savings to the Government because 457 visa holders do not have to be paid unemployment benefits, in the long-term there are also significant savings. Once domestic workers reach retirement age, they may be eligible for an old age pension. However, 457 visa holders will not receive such a pension, but be required to return home. This may be of particular benefit in the future as the ageing of the Australian population has led to concerns that there will not be enough workers to pay for the pensions of the increasingly larger proportion of the population who reach retirement age.<sup>83</sup> Temporary workers will contribute their taxes to ensure that pensioners are supported, but will not become a liability once they reach old age.

In addition to the considerable savings that the Government makes by allowing the migration of 457 visa holders, the program also increases Government revenue. In particular, 457 visa holders are required to pay income tax. Further, given that they earn more than the average Australian worker, due to the restrictions placed on the occupations in which they may be employed, their contribution to the overall taxation receipts would also be higher. The overall effect of 457 visa holders is to improve the budget position of the Australian Government.

Along with these budgetary advantages, the program also enhances a number of economic indicators, in particular data on the labour force. If a 457 visa holder loses their job, and are therefore no longer sponsored by an approved

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<sup>83</sup> Australian Treasury, *Australia to 2050: future challenges*, Intergenerational Report (Canberra: Commonwealth of Australia, 2010)  
<[http://www.treasury.gov.au/igr/igr2010/report/pdf/IGR\\_2010.pdf](http://www.treasury.gov.au/igr/igr2010/report/pdf/IGR_2010.pdf)> accessed 12 February 2010; Graeme Hugo, "Australia's ageing population: some challenges for planners," *Australian Planner* 40, no. 2 (2003), 109-118.

employer, they are required to leave Australia. This means they do not add to unemployment in Australia. Secondly, as outlined in the previous chapter, when the economy slows and unemployment starts to rise, the Government has been quick to inform employers that preference should be given to domestic workers over 457 visa holders.<sup>84</sup> It would therefore be expected that when the economy slows, while unemployment may rise, it will not rise as quickly as it would if there were no temporary migrant workers.

Whether this is true can be tested by examining the data from 2008-09, when economic growth slowed and unemployment rose. During this year, the Government noted many times that due to the economic downturn, the number of applications for 457 visas had fallen significantly.<sup>85</sup> This was confirmed by the Immigration Department, which noted that the number of applications lodged in June 2009 was 45 per cent lower than a year before, while grants were 39 per cent lower.<sup>86</sup> However, while the flow of 457 visa holders into the Australian labour force slowed during 2008-09, the stock of such workers was not affected. As at 30 June 2009, there were 77,330 primary 457 visa holders in Australia.<sup>87</sup> One year prior, there were 74,400.<sup>88</sup> Therefore, while Australia's unemployment rate was increasing, so was the number of 457 visa holders in the country, the opposite of what would be expected. That workers with 457 visas appear to have been less affected by the economic downturn is confirmed by the fact that as a proportion of total employment, the number of such workers increased from 0.70 per cent to

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<sup>84</sup> Evans, "Meat industry should source local labour first."

<sup>85</sup> Evans, "Temporary overseas worker numbers falling"; Evans, "Big drop in temporary overseas workers"; Evans, "Government announces changes to 457 visa program."

<sup>86</sup> Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2008/09."

<sup>87</sup> Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2008/09," (2009)  
<<http://www.immi.gov.au/media/statistics/pdf/457-stats-state-territory-june09.pdf>>  
accessed 13 August 2009, Table 1.20, p. 12.

<sup>88</sup> Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2007/08," Table 1.17, p. 10.

0.72 per cent during 2008-09.<sup>89</sup> Although this is only a small increase, it provides evidence that businesses did not take on board the Government's advice that they sack foreign workers before domestic workers.<sup>90</sup> If they had, one would expect this proportion to have fallen.

Therefore, the purported benefits of the 457 visa system to unemployment have not materialised. In contrast to what was expected, the number of 457 visa holders in Australia grew while unemployment increased. Although this does not provide an economic benefit to the Government, it has not been a political problem for them, possibly due to the comparatively low increase in unemployment that Australia has experienced compared to other countries. To deal with this politically, the Government has highlighted the fall in the number of applications for 457 visas, rather than the number of visa holders in the country. Further, as noted above, people have blamed employers for continuing to employ 457 visa holders instead of domestic workers, possibly based on the misguided perception that the Government has little control over the operation of the program.

This confirms Conley's findings which show how governments use globalisation to argue that they have no choice but to implement particular policies and that they cannot be held accountable for policy failures. In the case of the 457 visa program, Government claims that it is demand driven are an attempt to portray itself as powerless to control the size of the program.

Overall, the 457 visa program appears to have a positive effect on the Australian economy. The impact on the budget deficit is definitely a benefit to the Government, with 457 visa holders paying tax but being eligible for

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<sup>89</sup> Data from Australian Bureau of Statistics, *Labour Force*; Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2007/08," p. 11; Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2008/09," p. 12.

<sup>90</sup> Kim MacDonald, "Sack foreign workers before locals: unions," *The West Australian*, 25 October 2008, p. 4.

few government payments. It is also expected that the program will have a positive impact on Australia's unemployment rate, and, as will be shown in the following chapters, the rate of inflation. These benefits should also be seen as political benefits, with budget surpluses, low unemployment and low inflation seen as evidence of the Government's ability to manage the economy. It is therefore not surprising that both major parties have been highly supportive of the 457 visa program while in Government, it provides a number of substantial benefits to those in power.

## **Conclusion**

Globalisation is expected to change the influence and role of the state. Extreme globalists such as Ohmae envisage that it will in fact lead to the end of the nation-state. Although few globalists are as extreme as this, the popular view of globalisation is that it will lead to a lessening of government control. This was almost encouraged by many governments, including various Australian Governments, who saw political advantage in publicly stating that their ability to enact certain policy and to affect change was curtailed by globalisation. Further, politicians have been able to cite globalisation as a reason for policy failure, lessening the political fallout they may experience.

If the 457 visa program is a response to globalisation, one would expect that it demonstrates a reduction in the power of the Australian Government to control and regulate migration. At times, various Ministers for Immigration have portrayed the program as being out of their control, but evidence shows that they maintain significant power over various elements of the program. In particular, the Government has control over who participates in the program and the minimum conditions under which migrant workers are employed. Furthermore, although the program is often described as being demand driven and uncapped, implying the Government has no control over the number of 457 visa holders entering Australia, evidence shows it still has significant influence over the size of the program.

Not only has the 457 visa program increased the power of the Australian Government, it has also delivered a number of benefits to it. Politically, the program appeals to both the business community and those who are concerned with the impact of increased migration for economic or cultural reasons. This makes it easier for political parties to develop coalitions that will deliver electoral victories. Further, the program allows the Government to screen potential migrants before they grant them permanent visas, a benefit that Immigration Minister Chris Evans has stressed a number of times.

While there are significant political and policy benefits to the state, there are also a number of economic ones. The 457 visa program has a positive effect on the federal budget, with workers paying tax but not being eligible for government payments such as unemployment benefits, education, health and old age pensions. The Government is also able to sell the program as one that does not have a negative impact on unemployment, noting that employers are expected to sack foreign workers before domestic workers. Evidence from 2008-09, suggests that this does not necessarily happen. Nevertheless, the Government can still point to the expectation that the program is not used to employ foreign workers instead of Australian workers and events suggest that many people blame businesses if they continue to employ 457 visa holders when unemployment is increasing. This demonstrates how governments can use the perceived loss of power that globalisation is expected to cause to escape responsibility for unpopular policies.

Although many have advanced the claim that – in line with the expectations of many globalists – the 457 visa program takes power away from governments, a closer examination shows that this is not accurate. The benefits that flow to the Government from the implementation of the program and its continued ability to control the fundamental nature of the program mean that it continues to exemplify the state's power over migration.

## Chapter Seven: The role of business

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The reason globalists believe the power of the nation-state is declining under globalisation is the growth in the importance of businesses, in particular those that operate on a global level. Many opponents of globalisation are chiefly concerned with the growing influence that these same companies have over government decisions and their exploitation of workers in developing countries.<sup>1</sup> While they see this as a negative outcome, supporters of the process view their increasing influence as beneficial, with businesses and the market being much more efficient than governments.<sup>2</sup> As would be expected, sceptics do not believe this process is as prevalent as the case presented by globalists, with governments maintaining significant control over the economy and truly global companies being a rare phenomenon.<sup>3</sup>

Given the 457 visa program is believed to be the result of globalisation, it is not surprising that many claim that it has led to an increase in the power of businesses. As shown in the previous chapter, the program is often described as market or demand driven, although evidence suggests that the Government maintains substantial control over participation. Nevertheless, it is also possible to examine the role of the business community in the many inquiries undertaken into the program. Further, because 457 visa holders require a sponsoring employer to participate in the program, the power dynamics of this relationship should be analysed. Lastly, given the purported growing role of multinational corporations (MNCs) in the global economy, and in particular their need to transfer staff between nation-states, the importance of such migration under the program can be investigated.

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<sup>1</sup> Klein, *No Logo*; Monbiot, *The Age of Consent*, p. 143.

<sup>2</sup> Friedman, *The Lexus and the Olive Tree*, p. 158; Ohmae, *The End of the Nation-State*, p. 12.

<sup>3</sup> Weiss, *The Myth of the Powerless State: Governing the Economy in a Global Era*; Hirst and Thompson, *Globalization in Question*, p. 196.



This chapter examines claims that businesses have acquired additional power through the 457 visa program. Firstly, it examines the debate over the role of the business community in a globalised economy, showing that the popular perception is that it has greatly increased. Next, it analyses the role of the business community in the development of the policies and regulations that govern the operation of the 457 visa scheme, using Weiss' concept of "governed interdependence."<sup>4</sup> It then examines whether individual businesses have gained additional power, and the benefits that they may expect to garner from the program. Lastly, it compares the 457 visa program to Australia's permanent migration program, to determine whether there are significant differences, with the expectation that due to the influence of globalisation, the 457 visa program provides significantly more power to businesses.

### **The power of business under conditions of globalisation**

Globalists believe that the business community will fill the power vacuum created by the decline of the nation-state. Whether this is a positive or negative development is often a defining feature of whether a person is a supporter or opponent of globalisation. While many writers talk about this shift in power, the description of who is becoming more powerful can be quite different.

As noted in the previous chapter, Friedman believes that whereas members of the Electronic Herd once competed with each other to win government contracts and favour, governments now compete with one another to please it, for "it is now the Electronic Herd that increasingly passes out the goodies."<sup>5</sup> The result of this is that the Electronic Herd controls most political decisions, even if there are regular elections between competing political parties.<sup>6</sup>

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<sup>4</sup> Weiss, *The Myth of the Powerless State: Governing the Economy in a Global Era*, p. 38.

<sup>5</sup> Ibid., p. 139.

<sup>6</sup> Ibid., p. 168.

In a similar vein, Norberg discusses the power of “the market,” noting that opponents of globalisation talk about “‘market fascism’ or a ‘dictatorship of the market.’”<sup>7</sup> As a supporter of globalisation, or as he terms it, global capitalism, Norberg strongly argues against both of these descriptions, noting that very few dictatorships are able to accept the economic freedom that comes with the free market.<sup>8</sup> Exactly how this argument proves that there is no such thing as the dictatorship of the market is unclear, as it does not address the central concern of many critics that the market is now more powerful than the state.

However, Norberg does accept that states may become less powerful in some instances, such as when they run budget deficits and incur large debts. If a country is in such a situation, reforms are needed to ensure that it is still an attractive destination for investment. Nevertheless, this is not the fault of the market, but rather that of the government who is no longer using its own money to finance its expenditure, but that of the market.<sup>9</sup> Although Norberg accepts that the market may control what governments do, he fails to acknowledge the ideological basis of this power. Governments are expected to follow what has been described as the ‘Washington Consensus’, or Friedman’s ‘Golden Straitjacket’ if they wish to continue to have access to the market’s money. These policy formulations require governments to move their budget into surplus, privatise government enterprises, eliminate or lower barriers to foreign investment and trade, and deregulate the economy as much as possible.<sup>10</sup> However, even when governments are running surpluses, the market continues to have power over them. The risk of the surplus becoming a deficit means that governments must implement policies to

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<sup>7</sup> Johan Norberg, *In Defence of Global Capitalism* (St. Leonards, N.S.W: Centre for Independent Studies, 2005), p. 184.

<sup>8</sup> Ibid., pp. 184-185.

<sup>9</sup> Ibid., p. 186.

<sup>10</sup> John Williamson, “Democracy and the “Washington consensus”,” *World Development* 21, no. 8 (August 1993), pp. 1332-1333; Friedman, *The Lexus and the Olive Tree*, pp. 104-105.

ensure this does not happen, but by doing so they will generally be adhering to the Washington Consensus. They are therefore under the influence of the market even when their budget is in surplus.

While writers such as Friedman and Norberg examine the shift in power from states to the Electronic Herd or the market, Wolf's interest is in the power of individual companies. He finds that companies are not more powerful than countries because of a fundamental difference between the two. Companies must provide products or services that their customers want without the use of force, whereas the states have "coercive control over territory."<sup>11</sup> Further, because companies must operate in a market, they are restricted in what they are able to do. This leads Wolf to conclude that "companies do not dominate markets,... markets dominate companies."<sup>12</sup> In doing so, he fails to acknowledge the collective power of companies and the business class in general. For this reason, he finds that companies are not as powerful as some claim. However, he does accept that corporations do have some power over the political debate in countries, but argues that those who fear for the future of democracy are greatly overstating the risks.<sup>13</sup>

Although Wolf may not fully agree with the findings of Friedman and Norberg concerning the power of companies in a globalised economy, due primarily to his interest in individual companies rather than the capitalist class in general, all three believe that corporations are a force for good. While he does acknowledge that transnational corporations have been known to exploit and oppress workers around the world,<sup>14</sup> Friedman is an example of an advocate of the positive power of the market, believing it is the most

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<sup>11</sup> Martin Wolf, *Why Globalization Works* (New Haven: Yale University Press, 2004), p. 223.

<sup>12</sup> Ibid., p. 225.

<sup>13</sup> Ibid., p. 247.

<sup>14</sup> Friedman, *The Lexus and the Olive Tree*, pp. 206-207.

effective and efficient manner by which to allocate capital.<sup>15</sup> The benefits delivered by the market are also outlined by Norberg, ranging from democracy to reduced poverty and better education.<sup>16</sup>

It is the role of the capitalist class and institutions such as the IMF and WTO, seen by activists as working to advance the interests of this class, which bore the brunt of much of the anger of protestors in places such as Seattle, Quebec and Genoa at the turn of the century. Reviews of these protests describe globalisation as “an attempt to restructure the whole global economy in the interests of corporations”<sup>17</sup> and “the dismantling of barriers to the movement of capital and the loss of local national sovereignties to the interests of transnational firms.”<sup>18</sup>

The role of organisations such as the IMF and WTO in the re-organisation of the global economy to suit the needs of capitalists has been investigated by authors interested in the development of a transnational capitalist class (TCC). Sklair defines the TCC as consisting of the owners and managers of transnational corporations, the bureaucrats, politicians and professionals who advocate for and work towards a globalised economy, and elites who push for a global consumerist society.<sup>19</sup> Although they believe Sklair has confused “class with strata” in his analysis, Robinson and Harris agree that there is a fraction of the capitalist class that can no longer be described as belonging to a particular territory.<sup>20</sup> Taking a Marxist view of class, by which it is “a group of people who share a common relationship to the process of social

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<sup>15</sup> Ibid., p. 158.

<sup>16</sup> Norberg, *In Defence of Global Capitalism*, p. 14, p. 25 and p. 185.

<sup>17</sup> Neale, *You Are G8, We Are 6 Billion: The Truth Behind the Genoa Protests*, p. 204.

<sup>18</sup> Boal, “Glossary,” p. 379.

<sup>19</sup> Leslie Sklair, “The transnational capitalist class and the discourse of globalisation,” *Cambridge Review of International Affairs* 14, no. 1 (2000), p. 69.

<sup>20</sup> William I. Robinson and Jerry Harris, “Towards a global ruling class? Globalization and the transnational capitalist class,” *Science & Society* 64, no. 1 (Spring 2000), p. 14.

production and reproduction,”<sup>21</sup> they define the TCC as “a ruling class... [that] controls the levers of an emergent transnational state apparatus and of global decision making.”<sup>22</sup>

Of particular interest to Robinson and Harris is the development of this transnational state apparatus, which includes organisations such as the WTO and IMF. By co-opting these organisations, the TCC is able to “forge a new global capitalist hegemonic bloc” that not only works against the global working class, but also national capitalist classes.<sup>23</sup> In response to claims that those who work in these organisations are likely to favour the countries that they are representing, Robinson argues that this is unlikely due to their cosmopolitan beliefs. Instead they pursue the interests of transnational capital through the implementation of the Washington Consensus, particularly the dismantling of regulations surrounding foreign direct investment.<sup>24</sup> The result of such changes is that companies are able to invest in countries around the world, and as such have the ability to leave one country if conditions there are not conducive to profit making.

Opponents of globalisation claim that this has led governments to reduce regulations, particularly around working conditions, to encourage investment. For example, as noted in Chapter Two, Klein shows how some workers employed by multinationals in China were paid 13 cents per hour in 1998, when the living wage was thought to be 87 cents per hour. The average hourly wage for comparable workers in Germany and the US were \$18.50 and \$10 respectively.<sup>25</sup> Similarly, Monbiot argues that a number of companies

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<sup>21</sup> Ibid., p. 21.

<sup>22</sup> Ibid., p. 12.

<sup>23</sup> Ibid., pp. 28-29.

<sup>24</sup> William I. Robinson, “Global capitalism and nation-state-centric thinking -- what we don't see when we do see nation-states: response to critics,” *Science & Society* 65, no. 4 (Winter 2002), p. 505.

<sup>25</sup> Klein, *No Logo*, p. 234.

are guilty of using “poor countries as a pool of cheap labour.”<sup>26</sup> Supporters claim that this exaggerates the negative aspects of globalisation, noting that working for a multinational company is often better than working for a local business.<sup>27</sup> Norberg goes as far as to state that even in the case of child labour, children are better off working for companies in the globalised sectors of the economy because they have the least dangerous working conditions.<sup>28</sup>

Although supporters and opponents of globalisation debate the merits of the increased power of corporations, both agree that such a shift has occurred. This is one aspect of the process where sceptics argue globalists are mistaken in their analysis, believing this is evidence of capitalism’s role in changes, rather than globalisation’s. Often from a Marxist perspective, these theorists argue that the exploitation of workers in developing countries, and the power that corporations generally have, is due to their privileged position in the capitalist system.<sup>29</sup>

Some have also questioned whether there has actually been a significant shift of power towards global corporations. In their analysis, Hirst and Thompson claim that transnational corporations (TNCs) are not becoming more prevalent, but that the majority of large companies are better described as MNCs.<sup>30</sup> Although often used interchangeably,<sup>31</sup> there is a clear distinction between TNCs and MNCs. Castells notes that MNCs retain a particular national mark on their top personnel and corporate culture, while maintaining

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<sup>26</sup> Monbiot, *The Age of Consent*, p. 195.

<sup>27</sup> Norberg, *In Defence of Global Capitalism*, p. 134; Wolf, *Why Globalization Works*, p. 235.

<sup>28</sup> Norberg, *In Defence of Global Capitalism*, p. 134.

<sup>29</sup> For examples of Marxist analyses of the modern global economy, see Andrew Howard, “Global Capital and Labor Internationalism in Comparative Historical Perspective: A Marxist Analysis,” *Sociological Inquiry* 65, no. 3 (1995), pp. 365-394; Paul Le Blanc, *Marx, Lenin, and the Revolutionary Experience: Studies of Communism and Radicalism in the Age of Globalization* (New York and London: Routledge, 2006); David Renton, *Marx on Globalization* (London: Lawrence and Wishart Limited, 2001).

<sup>30</sup> Hirst and Thompson, *Globalization in Question*, p. 2.

<sup>31</sup> O'Brien and Williams, *Global Political Economy: Evolution and Dynamics*, pp. 169-170.

a close relationship with the government in their 'home' country. In other words, "they have multiple allegiances, rather than being indifferent to nationality and national contexts."<sup>32</sup> He argues that companies that have these characteristics cannot be described as transnational, agreeing with Thompson that TNCs "are disembodied from any national base."<sup>33</sup> Although corporations may be becoming larger, the vast majority are still aligned with one nation. Consequently, claims that they move between countries, and therefore have the power to affect government policy, are overstated.<sup>34</sup>

Hirst and Thompson also question claims by some globalists that globalisation is causing markets to become more powerful than governments. In particular, they assert that governments in North America, Japan and Europe are able to exercise significant control over global markets. While these governments maintain this power, it is somewhat disguised as the "current scope and objectives of economic governance" are limited by the economic doctrines of their elites, including many of those within these governments.<sup>35</sup> Such a finding is consistent with criticisms about the influence of the Washington Consensus and its imposition on developing countries.<sup>36</sup> The implementation of this suite of economic policies strengthens the influence of the market, but the reason for this is that it is consistent with the neo-liberal economic doctrine of the elites in both

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<sup>32</sup> Manuel Castells, "Global Informational Capitalism," in *The Global Transformations Reader: An Introduction to the Globalization Debate*, ed. David Held and Anthony McGrew (Cambridge: Polity, 2003), p. 319.

<sup>33</sup> Castells, "Global Informational Capitalism," p. 319; Grahame Thompson, "Introduction - situating globalization," *International Social Science Journal* 51, no. 160 (1999), p. 140.

<sup>34</sup> For an analysis of whether companies move between countries as freely as is sometimes claimed, or often simply just use the threat of doing so, see Kate Bronfenbrenner, "Final Report: The Effects of Plant Closing or Threat of Plant Closing on the Rights of Workers to Organize," *Cornell University ILR School* (30 September 1996) <<http://digitalcommons.ilr.cornell.edu/intl/1>> accessed 28 April 2009; Kate Bronfenbrenner, "Uneasy Terrain: The Impact of Capital Mobility on Workers, Wages, and Union Organizing," *Cornell University ILR School* (1 June 2001) <<http://digitalcommons.ilr.cornell.edu/reports/1>> accessed 28 April 2009

<sup>35</sup> Hirst and Thompson, *Globalization in Question*, p. 3.

<sup>36</sup> Stiglitz, "The Overselling of Globalization."

international organisations and governments throughout the world. Again, Polanyi's findings about the role of governments in establishing and maintaining markets provide useful insights.<sup>37</sup>

In addition to the problems evident when assessing the power of the market when governments are responsible for implementing policies that appear to increase it, it is also difficult to determine whether government or the business world have more power when they both subscribe to similar economic and political ideologies. If both push for neo-liberal reforms of the economy, one cannot say with certainty which is more powerful. It is this problem that Weiss attempts to unravel in her work. As noted in the previous chapter, she believes that contrary to popular opinion, governments are not becoming less powerful, and thus, corporations are not assuming this power. To explain this, Weiss uses the concept of governed interdependence, whereby both public and private actors maintain autonomy, but act within the broader parameters established and monitored by the state.<sup>38</sup>

### **The 457 visa and global corporations**

As a program that is said to be the result of globalisation, the 457 visa scheme is often seen as increasing the power of corporations. In particular, the Roach Inquiry cited the need for Australia's temporary labour migration system to facilitate intra-corporate transfers in large companies that operated across national borders as one of the reasons for its proposed changes.<sup>39</sup> Hugo also highlights this aspect of the program, noting that globalisation has led to "the development of multinational companies which transfer their workforce between nations."<sup>40</sup> Considering Hirst and Thompson's contention that

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<sup>37</sup> Polanyi, *The Great Transformation*, p. 149.

<sup>38</sup> Weiss, *The Myth of the Powerless State: Governing the Economy in a Global Era*, p. 27.

<sup>39</sup> Committee of Inquiry into the Temporary Entry of Business People and Highly Skilled Specialists, *Business Temporary Entry*, p. 68.

<sup>40</sup> Graeme Hugo, "Globalization and Changes in Australian International Migration," *Journal of Population Research* 23, no. 2 (2006), p. 110.



MNCs are not an indication of globalisation, but rather of internationalisation,<sup>41</sup> their role in the 457 visa program would not appear to be a sign of globalisation. However, as acknowledged, although the differences between TNCs and MNCs are quite explicit, there has been some confusion. It is therefore possible that although Hugo refers to MNCs, he is actually talking about companies that demonstrate the characteristics better associated with TNCs. Further, while the differences between TNCs and MNCs are important to the overall question of whether globalisation exists, for the purposes of this analysis, it is of little consequence if the company has an identifiable national base or not. Of more interest is whether companies whose operations cross national borders regularly move staff between different countries.

While Hugo notes in *Globalization and Changes in Australian International Migration* that there has been an increase in intra-company transfers, he does not provide any evidence or data to support this claim.<sup>42</sup> However, in a report co-authored by Hugo and released a year earlier, the results of a survey of 457 visa holders indicated that one-third had come to Australia due to a company transfer. This was much lower than many other reasons, including Australia's lifestyle (84 per cent), gaining international experience (76 per cent), promotion or career development (76 per cent), better job opportunities (62 per cent) and the chance to apply for permanent residency (60 per cent). Further, this proportion is skewed by the relatively high percentage of managers who accessed the program due to a company transfer (51 per cent), suggesting this reason for migration is much more popular for the higher skilled.<sup>43</sup>

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<sup>41</sup> Hirst and Thompson, *Globalization in Question*, p. 2.

<sup>42</sup> Hugo, "Globalization and Changes in Australian International Migration," p. 110.

<sup>43</sup> Khoo, McDonald, and Hugo, *Temporary Skilled Migrants in Australia: Employment Circumstances and Migration Outcomes*, Table 6. Respondents could select more than one reason for why they applied for a 457 visa.

While the 457 visa program facilitates intra-company transfers, this is not a reason given by the majority of visa holders. Given the central role that many authors give MNCs and TNCs in globalisation, and Hugo's claim that this is evidence of the link between globalisation and temporary migration, one would expect this to be much higher. In fact, given that two of the most popular reasons were Australia's lifestyle and the possibility of permanent residency (no doubt two related reasons), it is evident that many 457 visa holders are interested in the program for reasons that are external to their employment circumstances.

While the need to facilitate intra-company transfers was raised by the Roach Inquiry and is cited by Hugo as one of the indicators of globalisation's effect on temporary labour migration, evidence suggests that it is a secondary reason for participation in the program. While companies seen as the embodiment of globalisation, such as McDonald's and KFC, are reported to be users of the program, this has not been in order to transfer employees from other countries, but rather to employ new staff.<sup>44</sup> Nevertheless, just because large companies are not taking advantage of the opportunity to transfer staff to Australia does not mean that there has been a rise or fall in company power, only that one of the claims related to the role of globalisation in the operation of the 457 visa program is unsupported by the evidence.

### **Business and the development of the 457 visa**

While it is apparent from the previous chapter that the Government has maintained control over the operation of many elements of the 457 visa program, it is worth considering who has the power to determine the policies and regulations that govern its operation. Weiss' concept of governed interdependence provides a good framework through which to examine this,

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<sup>44</sup> Paul Maley, "McDonald's, KFC hungry for overseas staff," *The Australian*, 25 June 2008, p. 7.

as it shows how it is possible for public and private actors to continue working independently, but towards the broad goals established by a government.<sup>45</sup> If the 457 visa program is an example of this, it is evidence that rather than business achieving further influence over Government policies, as globalists would assert should happen, the Australian Government continues to be in command.

Groups external to the state have long played a role in developing the framework through which migrant workers can enter Australia on a temporary basis. For example, the Roach Inquiry, named after its chair, the then managing director of Fujitsu Australia, involved members from major corporations, the banking industry, unions and law firms.<sup>46</sup> Membership of this inquiry gave these individuals significant control over the design of Australia's temporary labour migration program, and consequently the 457 visa program. However, they were constrained by the terms of reference developed by the Government, including the need to comply with Australia's international obligations and its policy of achieving closer links with neighbouring countries.<sup>47</sup> The establishment of these terms of reference meant the Government maintained control over the outcomes of the inquiry and the broader goals of the program.

Then Immigration Minister, Philip Ruddock, also noted the role of various groups in the development of the 457 visa program. In addition, he announced the establishment of a business advisory panel, through which employers could influence the operation of this and other programs focused on skilled migration.<sup>48</sup> This demonstrates how groups, in particular the

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<sup>45</sup> Weiss, *The Myth of the Powerless State: Governing the Economy in a Global Era*, p. 38.

<sup>46</sup> Committee of Inquiry into the Temporary Entry of Business People and Highly Skilled Specialists, *Business Temporary Entry*, p. 83.

<sup>47</sup> *Ibid.*, p. 84.

<sup>48</sup> Philip Ruddock, "Streamlined Temporary Business Entry Approved," *Minister for Immigration and Multicultural and Indigenous Affairs* (5 June 1996)  
<<http://pandora.nla.gov.au/pan/67564/20070202->

business sector, played an important role in determining how the temporary worker migration program would operate. However, they were still only acting as an adviser, with the Government maintaining overall control.

Inquiries into the 457 visa program have occurred regularly since the program was launched in 1996. The composition of the External Review Group that reported to the Minister in June 2002 was similar to that of the Roach Inquiry, with representatives from a number of non-state organisations. In addition, as part of its investigation, they consulted with groups from across the community.<sup>49</sup> Again, the committee was provided terms of reference that restricted the elements of migration that it could investigate, and was only able to suggest changes that correlated with the overall goals of the Australian Government.

Upon election to government, the Labor Party announced a number of inquiries into the operation of the 457 visa program. The first of these to submit their report to the Minister was another External Reference Group, again consisting of senior business executives, supported by a secretariat of public servants from relevant departments.<sup>50</sup> As with previous inquiries, this inquiry was based on terms of reference established by the Government that established the elements of the 457 visa program that could be examined. Submissions to this inquiry were from business groups and academics, with none from groups representing workers.<sup>51</sup>

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0000/www.minister.immi.gov.au/media/media-releases/1996/r96021.html> accessed 22 February 2010. This panel released a report into both permanent and temporary business entry visa classifications see Business Advisory Panel, *Business Entry in a Global Economy: Maximising the benefits* (Canberra: Commonwealth of Australia, August 1999).

<sup>49</sup> External Reference Group Temporary Residence Review, *In Australia's Interests: A Review of the Temporary Residence Program* (Canberra: DIMIA, 2002), pp. 250-252.

<sup>50</sup> Visa Subclass 457 External Reference Group, *Final Report to the Minister for Immigration and Citizenship* (Canberra, 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/erg-final-report-april-2008.pdf>> accessed 23 April 2008, pp. 13-14.

<sup>51</sup> Submissions provided to author by Department of Immigration and Citizenship. It should be noted that the other inquiry undertaken at the same time received a number of submissions from trade unions. See Visa Subclass 457 Integrity Review, "Final Report,"

In all of these inquiries, the Government has appointed a person or group to undertake an examination of the program. It is doubtful it would appoint someone to this role if they were likely to present a report that contradicts the broad direction of Government policy on migration. However, while those undertaking the inquiry are unlikely to be critical, the Government also ensures a supportive report by issuing terms of reference that restrict the scope of inquiry to that which it is comfortable. This is encapsulated by what has been described as an “old adage, familiar to senior public servants – governments don’t like to set up public inquiries unless they know what result the inquiry will produce.”<sup>52</sup>

In addition to inquiries conducted by representatives from it, the business community has also contributed to other reviews of the program. For example, a number of parliamentary committees have undertaken inquiries, with individual businesses and their representatives providing submissions and appearing before them.<sup>53</sup> Nevertheless, although these committees may take into account the concerns of business, and at times have recommended

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*Minister for Immigration and Citizenship* (October 2008)

<<http://www.minister.immi.gov.au/media/media-releases/2008/457-integrity-review-report.pdf>> accessed 19 November 2008, p. 8.

<sup>52</sup> Tony Kevin, “Only one path to the truth,” *The Canberra Times*, 1 June 2005, p. 19.

<sup>53</sup> Joint Standing Committee on Migration, “Temporary visas ... permanent benefits: Ensuring the effectiveness, fairness and integrity of the temporary business visa program,” *Parliament of Australia* (August 2007)

<<http://www.aph.gov.au/house/committee/mig/457visas/report/fullreport.pdf>> accessed 13 September 2007; Joint Standing Committee on Migration, *To make a contribution: Review of skilled labour migration programs* (Canberra: Commonwealth of Australia, March 2004)

<<http://www.aph.gov.au/house/committee/mig/skillmig/report/fullreport.pdf>> accessed 18 February 2008. There have also been inquiries into other matters that have canvassed issues related to the 457 visa program, for example see, House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation, *Current vacancies: Workforce challenges facing the Australian tourism sector* (Canberra: Commonwealth of Australia, June 2007)

<<http://www.aph.gov.au/house/committee/ewrwp/tourism/report/fullreport.pdf>> accessed 22 June 2007; House of Representatives Standing Committee on Economics, Finance and Public Administration, *Servicing our future: Inquiry into the current and future directions of Australia's services export sector* (Canberra: Commonwealth of Australia, May 2007)

<<http://www.aph.gov.au/house/committee/efpa/services/report/fullreport.pdf>> accessed 22 June 2007.

that such suggestions be implemented, it is clear that the business community could only achieve changes that were supported by the Government.

While it is evident that the Government is able to maintain substantial control over the findings of most inquiries undertaken, and therefore many of the recommended changes to the program, occasionally recommendations will be made of which it is not supportive. These instances might illustrate whether the business community has the overwhelming power that many globalists suggest. The Government's response to the report prepared by the External Review Group in 2008 demonstrates how not all the wishes of the business community may be implemented. This report outlined 16 recommendations, 14 of which the Government accepted and implemented.<sup>54</sup> However, it is evident from looking at those recommendations that were not accepted that the Government continues to control the general approach of the program. In particular, the External Review Group recommended that the Government trial new approaches to facilitate the migration of semi-skilled and unskilled labour.<sup>55</sup> This would have been a significant change to the focus of the program, which has always been on skilled labour. While the extension of the program to less skilled occupations would have fulfilled many of the business community's wishes, it is revealing that since this report was released the Government has actually made it more difficult to import workers classified as ASCO 5-7.<sup>56</sup>

There is little doubt that while the business community has been deeply involved in the development of much of the policy that governs the

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<sup>54</sup> Chris Evans, "Government to implement industry report on skilled migration," *Minister for Immigration and Citizenship* (5 May 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/ce08044.htm>> accessed 12 May 2008.

<sup>55</sup> Visa Subclass 457 External Reference Group, *Final Report to the Minister for Immigration and Citizenship*, pp. 10-11.

<sup>56</sup> Chris Evans, "Government announces changes to 457 visa program," *Minister for Immigration and Citizenship*, (1 April 2009) <<http://www.minister.immi.gov.au/media/media-releases/2009/ce09034.htm>> accessed 23 November 2009.

operation of the 457 visa scheme, the Government continues to be the final arbiter on which changes are implemented. This is a good example of Weiss' concept of governed interdependence: the Government works closely with representatives from the private sector, but continues to establish the broad framework for the program. However, it is difficult to argue that due to globalisation, the business community's power has expanded so much that it is now more powerful than the Australian Government.

### **The power of individual businesses**

Influencing government policy is not the only way in which the business community can demonstrate its power. As Wolf points out, although many examine the collective power of businesses or the market, this disregards the power of individual businesses.<sup>57</sup> This is of particular interest in an analysis of the 457 visa program as visa holders must be sponsored by an employer. Rather than an increase in the collective power of the business community, it may be that the 457 visa program has magnified the power of individual employers. As it requires a visa holder to be sponsored by an employer, the 457 visa system ensures that businesses play a central role in its operation.

As noted in Chapter Six, businesses do have some input into which workers participate in the program. Although the Government can prevent people from gaining visas for a number of reasons, it is impossible for a potential worker to get a 457 visa if an eligible employer does not sponsor them. This power is not absolute, but individual businesses do have input into who can potentially migrate to Australia.

Due to the requirement that visa holders are sponsored by an employer for the duration of their visa, individual businesses have the capacity to threaten a worker's legal right to remain in the country. This makes it difficult for 457 visa holders change jobs and has led many people to describe them as being

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<sup>57</sup> Wolf, *Why Globalization Works*, pp. 223-225.

tied to their sponsoring employer.<sup>58</sup> When questioned on whether this period was too short, the Immigration Minister was adamant that the primary function of 457 visas was to provide a worker for a particular job for a limited period.<sup>59</sup> This is a valid argument, but it does not tackle the disparity in power that exists between employer and visa holder that this requirement causes.

In particular, this becomes more obvious when an employee wishes to complain about their treatment. Critics of the program have often highlighted this issue.<sup>60</sup> If an Australian worker feels their employer is mistreating them, there are a number of things they may do. They can confront their employer and attempt to negotiate a solution. Alternatively, if they are a member of a trade union they can alert it and hope it is able to solve the problem. Otherwise, they can approach Government authorities that may undertake an investigation and punish the business if they are found guilty. Finally, and most dramatically, they can quit their job and try to find a new one.

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<sup>58</sup> Peter Mares, "Toil and Trouble in the 457 Visa System," *Canberra Times*, 13 June 2009, p. 10; Stefanie Toh and Michael Quinlan, "Safeguarding the global contingent workforce? Guestworkers in Australia," *International Journal of Manpower* 30, no. 5 (2009), p. 454; Siew-Ean Khoo et al., "A Global Labor Market: Factors Motivating the Sponsorship and Temporary Migration of Skilled Workers to Australia," *International Migration Review* 41, no. 2 (2007), p. 484; Khoo, McDonald, and Hugo, *Temporary Skilled Migrants in Australia: Employment Circumstances and Migration Outcomes*, p. 11; Visa Subclass 457 Integrity Review, "Final Report," p. 66.

<sup>59</sup> Evans in Peter Mares, "The immigration two-step," *The National Interest* (ABC Radio, 3 July 2009)  
<<http://www.abc.net.au/rn/nationalinterest/stories/2009/2616441.htm#transcript>>  
accessed 10 July 2009.

<sup>60</sup> Michelle Bissett and Ingrid Landau, "Australia's 457 visa scheme and the rights of migrant workers," *Alternative Law Journal* 33, no. 3 (September 2008), p. 143; Elisabeth Wynhausen, "Licence to fleece," *The Australian*, 27 October 2008, p. 7; Matthew Moore, Jewel Topsfield, and Malcolm Knox, "Philippines hits out at abuse of workers," *The Age*, 29 August 2007, p. 2; Nick O'Malley, "Guest workers warned of exploitation," *The Sydney Morning Herald*, 8 December 2006, p. 8; Yuko Narushima, "Migrant worker died on job, union says," *The Sydney Morning Herald*, 11 November 2008, p. 7; Matthew Moore, "Immigrant death toll is hushed up," *The Sydney Morning Herald*, 19 April 2008, p. 40; Michael Bachelard, "Curry house cooks up trouble with work visas," *The Age*, 11 July 2007, p. 8.



The Australian Government has argued that if 457 visa holders feel that they have been mistreated, they have the same protection as other workers.<sup>61</sup> This is correct from an administrative or regulatory perspective. Workers with 457 visas are able to discuss the issues with their employer, approach a union or government authority, or quit their job. However, due to the power disparity between the worker and their employer, the likelihood of any of these methods leading to an improvement in working conditions is much lower for 457 visa holders than for other workers.

If they approach their employer directly about their treatment, the worker not only risks losing their job, but also their right to remain in Australia. Workers on 457 visas are therefore much less likely to do so. The case of Jae Sik Kum, a Korean 457 visa holder who approached his employer about worker's compensation after injuring himself at work is instructive. When he did, the employer told the Immigration Department that he had overstayed his visa, which meant that he was deported. The only reason that this case became public is that he came back to Australia (on his brother's passport) to confront his former employer again, but was kidnapped and assaulted when he did so.<sup>62</sup> It is the fear of such deportation that means that those on 457 visas are unlikely to confront their bosses about mistreatment.

The second option for 457 visa holders is to ask their union for assistance. As noted in Chapter Three, trade unions have been some of the most vocal critics of the program, but have also supported many 457 visa holders hoping to gain compensation from their employers.<sup>63</sup> It is evident that many of those

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<sup>61</sup> Former Immigration Minister Kevin Andrews in Moore, Topsfield, and Knox, "Philippines hits out at abuse of workers."

<sup>62</sup> Simon Kirby, "Guest worker compensated after assault, kidnap by boss," *Australian Associated Press General News*, 21 September 2007; "Foreign worker awarded \$96k kidnapping compensation," *ABC News* (21 September 2007) <<http://www.abc.net.au/news/stories/2007/09/21/2040297.htm>> accessed 15 April 2010.

<sup>63</sup> For examples of trade union support for aggrieved 457 visa holders, see Kim MacDonald, "Migrant given \$6000 for year's work: union," *The West Australian*, 21 February 2007, p. 14;

workers who engage the assistance of trade unions are successful in their claims, suggesting that approaching unions is an effective way for workers on 457 visas to complain about mistreatment. However, it can be difficult for guest workers to join unions. There have been reports that as part of their employment contract, 457 visa holders have been required to commit to not joining a union,<sup>64</sup> while the Australian Manufacturing Workers Union has alleged that an employer thwarted their attempts to visit a worksite to talk to a 457 visa holder who later died in an industrial accident.<sup>65</sup> Recognising that unions may help to prevent mistreatment of workers or at least assist in gaining compensation, some employers have used their power over individual workers to prevent them becoming members. Further, other employers are alleged to have sacked 457 visa holders for joining a union.<sup>66</sup> Not only do such actions contravene a workers' freedom of association, a right that the Government has been eager to ensure potential new citizens are well aware of,<sup>67</sup> it means these workers will most likely be required to leave Australia because they are no longer sponsored by an eligible employer. The 457 visa system provides a means by which employers can ensure their workers are not members of trade unions and are therefore unable to access one of the best ways of exposing their mistreatment.

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Kim MacDonald, "Employers accused of exploiting migrants," *The West Australian*, 16 January 2006, p. 11; Nick O'Malley, "A nice little earner," *The Sydney Morning Herald*, 4 September 2006, p. 9; Michael Bachelard, "Underpaid, sacked, evicted: guest workers who've had enough," *The Age*, 6 September 2006, p. 5; Jason Gregory, "Sacked workers get no apology - Visa holders gain nothing in talks over alleged discrimination," *The Courier-Mail*, 9 December 2006, p. 36; Nick O'Malley, "Foreign meat workers caught up in visa row," *The Sydney Morning Herald*, 14 December 2006, p. 7; Malcolm Knox, "Chef's saga of woe shows up problems with 457 visa," *The Sydney Morning Herald*, 10 March 2008, p. 7.

<sup>64</sup> David Humphries, "Spot checks promise to end foreign staff abuse," *The Sydney Morning Herald*, 14 October 2006, p. 8.

<sup>65</sup> Narushima, "Migrant worker died on job, union says."

<sup>66</sup> Lachlan Heywood, Jason Gregory, and Michael Corkill, "Foreign worker scandal widens," *The Courier-Mail*, 18 October 2006, p. 2; Lachlan Heywood, Jason Gregory, and Michael Corkill, "Unlucky country," *The Courier-Mail*, 18 October 2006, p. 3.

<sup>67</sup> Australian Government, "Australian Citizenship: Our Common Bond" (Department of Immigration and Citizenship, 2009)  
<[http://www.citizenship.gov.au/learn/cit\\_test/\\_pdf/australian-citizenship-nov2009.pdf](http://www.citizenship.gov.au/learn/cit_test/_pdf/australian-citizenship-nov2009.pdf)>  
accessed 15 April 2010, p. 18.

Alternatively, a worker on a 457 visa may approach Government authorities to investigate their mistreatment. In addition to being able to access Government services available to all workers, they can also report instances of mistreatment to the Department of Immigration. They are therefore provided with additional protection by the Government. If it is decided that there has been mistreatment of 457 visa holders, the Government can cancel the right of that employer to sponsor migrant workers. However, if they do this, it will mean that the worker will no longer have a job in Australia, and may therefore be deported because they are not sponsored by an eligible employer. Any aggrieved worker must therefore question whether it is beneficial to report abuse to the Government in the knowledge that even if they are shown to have been mistreated, their visa may be cancelled. Further, a 457 visa holder may be concerned about employer retribution if they report them to the authorities. In one case, a Canberra restaurant owner abducted one of his chefs with the intention of taking him to Sydney airport to send home because he had told the Department of Immigration about his mistreatment. The only reason that this was discovered was that the employer was caught speeding by police with the kidnapped chef in his car.<sup>68</sup>

The final option available to 457 visa holders, if none of the previous solutions are viable, is to quit their job. However, by doing so, they are in effect also cancelling their own visa. They have 28 days to find a new sponsor or apply for a different visa, or they must leave Australia. A 457 visa holder is therefore not only risking their employment, but also the right to remain in Australia.

In her review of the program, Deegan found that a number of regulations, including the 28 day rule, limited the mobility of 457 visa holders and led to workers being placed in vulnerable positions. She also noted that although it was possible for visa holders to change employers, most believed they were

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<sup>68</sup> Mares, "Toil and Trouble in the 457 Visa System."

tied to their original employer and therefore more likely to agree to less than acceptable working conditions. The potential exploitation of workers caused by this regulation led the review to recommend that the period be increased from 28 to 90 days.<sup>69</sup> However, as noted, the Government did not implement this recommendation.

Individual employers therefore have input into who is allowed into Australia and more significantly, whether they have the right to stay. This manifests itself in a considerable power disparity between bosses and workers, best summed up by one employer's statement that 457 visa holders "would sign anything because they were frightened of being sent back overseas."<sup>70</sup> Not only will this fear mean that workers "would sign anything," but also that they may be willing to suffer significant abuse without reporting it.

In addition to providing employers with substantial power to exploit 457 visa holders, the program also contributes to an increase in the power that they have over all workers. One of the primary reasons given for the existence of the 457 visa program is that while employers may not be able to find workers in Australia, globalisation means there is now a global labour market giving them access to a greater supply of skilled workers.<sup>71</sup> This has been particularly

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<sup>69</sup> Visa Subclass 457 Integrity Review, "Final Report," pp. 66-68.

<sup>70</sup> Nicholas Wilson, "Record Penalty Awarded as West Australian Company Found Guilty of 21 Workplace Breaches," *Workplace Ombudsman* (12 March 2008) <<http://www.fwo.gov.au/Media-centre/2008/Pages/20080312.aspx>> accessed 15 April 2010.

<sup>71</sup> Ruddock, "Streamlined Temporary Business Entry Approved"; Amanda Vanstone, "Leading Academics Applaud the 457 Visa," *Minister for Immigration and Multicultural Affairs* (15 August 2006) <<http://pandora.nla.gov.au/pan/67564/20071110-0000/www.minister.immi.gov.au/media/media-releases/2006/v06128.html>> accessed 17 September 2010; Chris Evans, "Skilled foreign workers meeting shortage," *Minister for Immigration and Citizenship* (22 July 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/ce08068.htm>> accessed 23 July 2008; Philip Ruddock, "Skilled Temporary Residents Visas Increased for 1999-00," *Minister for Immigration and Multicultural and Indigenous Affairs* (3 August 2000) accessed 19 April 2010; Hugo, "Globalization and Changes in Australian International Migration," p. 113; Vanstone in Nicolette Burke, "Foreign worker pay jump," *Herald-Sun*, 1 May 2006, p. 12; "Harsh times expose flaws in visa scheme," *The West Australian*, 27 October 2008, p. 20.

important because during much of its operation Australia's unemployment rate has been low and job vacancies numerous.<sup>72</sup> The increasing number of 457 visa holders in Australia demonstrates that many businesses have felt the need to import workers from other countries to fill vacancies.

In 2006, then Immigration Minister Amanda Vanstone admitted that the program "opens up the industry to other pools of employees, which undermines the unions' ability to exploit high wages amid the skills shortage," and that the program "keep[s] inflationary wage demands in check."<sup>73</sup> While this caused much consternation, with unions and the Labor Party attacking the program as a means of cutting wages,<sup>74</sup> Vanstone outlined the logical consequence of increasing the number of potential workers that business could employ. When labour market conditions are determined by market forces, an increase in labour supply is bound to put downward pressure on wages. By providing employers with the opportunity to access workers from all countries, although as Chapter Four demonstrated this is not necessarily the outcome, the Government has dramatically increased the potential labour supply. In comparison to a situation where an employer is only able to source labour from the local community, an employer who has been approved as a 457 visa sponsor can approach potential workers from around the world. Further, if an employer approaches potential workers from low-income countries, they are more likely to accept wages that are lower than those expected by local workers.

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<sup>72</sup> For a summary, see Table 3.7. Also see Australian Bureau of Statistics, *Labour Force: Australia, Cat. No. 6202.0* (Canberra, 2009); Department of Education Employment and Workplace Relations, "Vacancy Report," (February 2010) <<http://www.skillsinfo.gov.au/NR/rdonlyres/C50ED9F5-5042-492A-B893-4A36E1D41230/0/VacancyReportFebruary10.pdf>> accessed 2 March 2010.

<sup>73</sup> Meaghan Shaw, "Guest workers cut wages: Vanstone," *The Age*, 8 June 2006, p. 8.

<sup>74</sup> Communications, Electrical and Plumbing Union of Australia, "Number of the Least," *The Communicator* (Spring 2006) <<http://www.cepu.org/communicator/spring06.pdf>> accessed 26 July 2010, p. 11; McEwan in Senate, "Official Hansard," *Parliament of Australia* (16 August 2006) <<http://www.aph.gov.au/hansard/senate/dailys/ds160806.pdf>> accessed 7 April 2008, p. 79

This not only affects the wages that 457 visa holders receive, but also those of other workers. If an employer has the option of employing a guest worker at a particular wage, compared to a local at a higher wage, they are more likely to proceed with the first option. In other words, for an Australian worker to find a job, they may need to reduce their wage demands so they can compete with foreign workers. In this way, the 457 visa program puts downward pressure not only on the wages of visa holders, but also those of domestic workers.

The regulations governing the operation of the 457 visa program mean that employers have gained significant power over their workers. Migrant workers can be threatened with the sack and therefore probable deportation if they complain about working conditions. Not only do these regulations affect the working conditions of 457 visa holders, but also Australian workers. The opportunity to source labour from overseas can be used as a bargaining tool to ensure workers, and their representatives, do not demand significant improvements in their working conditions. The threat of using foreign workers is similar to that made by businesses in the US to force workers to bargain without union representative or risk the shifting of business operations to Mexico after the introduction of the North American Free Trade Agreement (NAFTA). Although it has been shown that most US employers did not act on this threat,<sup>75</sup> this was probably due to the significant cost of moving to another country and does not diminish the impact this threat would have had on negotiations. However, the cost of sponsoring a 457 visa holder is significantly less than that of shifting operations to another country, meaning that the possibility of acting on such a threat is much higher.

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<sup>75</sup> Bronfenbrenner, "Final Report: The Effects of Plant Closing or Threat of Plant Closing on the Rights of Workers to Organize," p. 25.

## **Business power under the 457 visa system compared to permanent migration**

While the power of businesses may have increased under the 457 visa system, this may not necessarily be due to globalisation. To help determine whether it is, the program can be compared to permanent migration. As with the analysis provided in Chapter Four, it is expected that business power will have increased more under the 457 visa than permanent migration due to the fundamental role that globalisation is purported to have played in its development and continued operation.

Much of the power that individual businesses possess over 457 visa holders arises from the sponsorship requirements of the program. If this increased power is due to globalisation, there must be a link between it and the need to be sponsored. However, this requirement is not restricted to the 457 visa program. Although other temporary migration programs which allow visa holders to work, such as working holidaymakers and students, do not require sponsorship, many of the permanent skilled migration visas offered by the Australian Government do.

Sponsorship is therefore a central aspect of Australia's skilled migration programs, both permanent and temporary. Since 1996-97, when the 457 visa was introduced, there has been a significant shift towards skilled migration. This was outlined in 1996 by then Immigration Minister Philip Ruddock who highlighted this intended change and justified it by noting, "skilled migrants make a particular contribution to Australia's economic development."<sup>76</sup> In 1996-97, 30 per cent of all permanent arrivals came as part of the skilled category, by 2008-09 this had almost doubled to 56 per cent. Skilled

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<sup>76</sup> Philip Ruddock, "Migration Program Revamped to Benefit Australia," *Minister for Immigration and Multicultural and Indigenous Affairs* (3 July 1996) <<http://pandora.nla.gov.au/pan/67564/20071110-0000/www.minister.immi.gov.au/media/media-releases/1996/r96027.html>> accessed 15 January 2008.

migration has been such a significant component of Australia's permanent migration system that 87 per cent of the growth in migration to Australia since 1996-97 can be attributed to the increase in skilled migration over that period.<sup>77</sup>

In addition to the growth in the size of the 457 visa program, this increase in the number of permanent migrants entering under the skilled stream demonstrates a substantial shift towards migration for employment purposes and a corresponding rise in the power of businesses to determine who enters Australia. The Australian Government appears to have forfeited some of its control over the overall migration program, although, as is evident from the above investigation into the operation of the 457 visa program, it continues to act as final arbiter in decisions over admission.

Rather than globalisation leading to the need for employer sponsorship and an increase in business power, the increase number of people migrating for employment purposes is a reflection of a Government decision to favour those migrants who are seen as bringing economic benefits to Australia. Those requiring sponsorship are not necessarily those on temporary visas, which is said to be the result of globalisation, but those who are entering for economic purposes and who are generally more highly skilled.

Nevertheless, while many permanent skilled migrants require employer sponsorship, the temporary nature of the 457 visa does amplify the power disparity between boss and worker. This is not the case with permanent migration. Although the worker requires a sponsor to gain a visa, their continued stay in Australia is not necessarily linked to their continued employment with that business. Migrants granted visas allowing them to

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<sup>77</sup> Department of Immigration and Citizenship, *Settler Arrivals 1998-99 to 2008-09: Australia States and territories* (Canberra: Commonwealth of Australia, 2009) <[http://www.immi.gov.au/media/publications/statistics/settler-arrivals/settler\\_arrivals0809.pdf](http://www.immi.gov.au/media/publications/statistics/settler-arrivals/settler_arrivals0809.pdf)> accessed 27 January 2010, Table 1.6, pp. 14-15. Note that "non-program migration" is not included in "Total" migration.



work in regional areas are advised that the Department “may” seek to cancel the visa if “the employment is terminated within 2 years of commencement.”<sup>78</sup> Although such visa holders are expected to remain in the same employment for at least two years, they are not tied to the employer in the same manner as a 457 visa holder is. The Government only notes that they “may” cancel the visa, rather than the much tougher language directed at 457 visa holders whereby if they cease employment and cannot find another sponsor, they must leave Australia within 28 days.

Although there are some conditions placed on those permanent migrants who gain visas restricted to work in regional areas, there are no such requirements for other permanent skilled migrants. Consequently, while businesses may have input into who receives a permanent visa, the power they hold over the worker once they are in Australia is considerably less than that which they have over a temporary worker on a 457 visa. Further, the power of employers over 457 visa holders is exemplified in situations where mistreatment takes place. Even if a guest worker is found to have been mistreated, this does not mean that they will continue to have the right to remain in Australia. In fact, given that the Government has the right to ban an employer from using the program, even if the worker wishes to remain with their original sponsor, they may be unable to. In contrast, if a permanent migrant is found to be mistreated by their employer, there is no requirement that they find another sponsor to continue their stay in Australia. They are therefore much more likely to confront their employer about any mistreatment or report it to the Government or their union.

While the Government has ceded some of its power to businesses in the determination of who is eligible for permanent and temporary visas to Australia, the regulations governing the operation of the 457 visa program

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<sup>78</sup> Department of Immigration and Citizenship, *Employer Sponsored Migration* (Canberra: Commonwealth of Australia, 2009)  
<<http://www.immi.gov.au/allforms/booklets/1131.pdf>> accessed 16 April 2010, p. 25.

mean that these workers are much less likely to report mistreatment than those with permanent visas. The ability of businesses to decide who enters Australia in the 457 visa program is part of the shift towards skilled migration that has occurred since the mid-1990s, rather than a response to globalisation. Nevertheless, it is evident that the temporary nature of 457 visas means that there has been a shift in power to employers when they are dealing with individual employees. While some note that temporary migration is a result of globalisation, as shown in Chapter Three such migration existed before globalisation is said to have begun. The power of business does appear to have increased due to the 457 visa program. However, this shift is not related to its power compared to the Government, but rather its power over its employees. Nevertheless, it is evident that the temporary nature of the 457 visa does increase the risk of the mistreatment of these workers compared to those on permanent skilled visas.

## **Conclusion**

The debate over the impact of globalisation often focuses on the role of the business community in world affairs. Critics point to the growing power that businesses have, while supporters see the shift in power from governments towards the business world, or the market as some of them describe it, as a positive development.

Although globalists believe this power shift is occurring, sceptics argue that they are mistaken. Using the concept of 'governed interdependence', Weiss has shown how governments and private institutions maintain autonomy, but also work together within broad parameters set by the state. In this sense, although companies may appear to be more powerful, this is not in lieu of the power of governments, who continue to have the ability to establish the boundaries of the debate. Further, some sceptics point to the rarity of TNCs, as opposed to MNCs, in the world economy to argue that an international economy exists, rather than a global economy.

The power these large corporations have purportedly gained through globalisation has been one of the primary criticisms of the process. Such companies supposedly operate across a number of countries and have the ability to shift operations from country to country depending on profitability. Growth in the number of these companies and their need to transfer staff across national borders has been raised as an important reason for the introduction of the 457 visa. However, only a third of visa holders, and predominantly those classified as managers, report that this is a reason for their application. In contrast, issues such as Australia's lifestyle and the chance for permanent migration are much more significant factors in people's decision to apply for a 457 visa.

Given globalisation is said to be the reason for the introduction of the 457 visa program, one would expect that its development demonstrates an increase in power of the business world. It is evident that businesses have played a significant role in the development of program regulations, as evidenced through their membership of and contribution to various inquiries into its operation. Nevertheless, the Government continues to set the terms of reference for these inquiries. Using the concept of governed interdependence, it can be seen that the Government has continued to set the parameters, even though it may appear that the business community is establishing the program regulations.

While the business community may contribute to the development of the program's regulations, individual businesses play a central role in the operation of the program. Due to the requirement that all primary 457 visa holders are sponsored by an eligible employer, businesses have some input into decisions over who enters Australia. Further, to remain in Australia, a 457 visa holder must ensure that they continue to be employed by an eligible employer. Significant power over individual guest workers is therefore placed in the hands of employers. They can threaten to cancel a worker's

employment contract, and therefore their visa, if the worker does not adhere to their requests.

This threat, along with the larger labour supply that the 457 visa program offers employers, means the program acts as a dampener on wage growth. Having access to a larger pool of labour means that employers often have to pay substantially less for an employee than what they would if they only had access to the local workforce.

Overall, evidence shows that the 457 visa has contributed to an increase in the power of businesses. This is particularly apparent when the power dynamics in individual employment relationships are examined. Due to the threat of losing their visa, 457 visa holders are subservient to the wishes of their employers. However, the argument usually made by globalists is that there has been a shift in power to businesses from governments. This is not the case with the 457 visa program. Although employers have input into decisions over who may come to Australia, the Government continues to be the final arbiter in these decisions. Further, while the business community has had significant input into the design of the program, possibly reflected in the power they get over individual workers, this has always been within the parameters established by the Government.

The 457 visa program does provide evidence of the growing power of the business community, but it is questionable whether this is due to globalisation. While their power over workers has increased, they have not taken significant power away from the Government. In fact, as noted in the previous chapter, the Government may have also increased its power through the operation of the program. Further, by giving controlled autonomy to the business community, it has given itself a scapegoat if public sentiment turns against the program. Business power may have increased, but this has not been in lieu of state power. Unlike the expected outcome purported by

globalists, the 457 visa has not led to a shift in power from governments to the business world.

## Chapter Eight: Capitalism and the 457 visa

While globalisation is often cited as the reason for the 457 visa program, evidence presented in previous chapters provides little confirmation of such claims. The 457 visa program is not unprecedented; participants continue to be primarily from the United Kingdom; and rather than weakening Australia's national identity it is strengthening it, along with the power of the state and businesses. Nevertheless, globalisation continues to be used as a rationale for the introduction and continued operation of the program.

That the concept of globalisation fails to provide a satisfactory explanation of the 457 visa program is not surprising. Sceptics argue that it is “a primarily ideological or mythological construction which has marginal explanatory value.”<sup>1</sup> Although there have been changes to the Australian migration system through the introduction of the 457 visa, globalisation appears incapable of explaining many of them. Given that many sceptics point to the influence of capitalism on changes purported to be caused by globalisation, this chapter investigates whether such an examination is capable of providing insights into the operation of the 457 visa. In addition, a class-based analysis of the program has more explanatory power. As noted a number of times throughout this thesis, the relationship between employer and visa holder is central to the operation of the program and it therefore makes sense to use a theoretical perspective that also has this relationship at its core.

After surveying the work of the sceptics and the influence that Marx's work has on many of their findings, this chapter provides a short analysis of the 457 visa program from a class-based perspective. Focusing on the relationship between worker and sponsor, it shows how the exploitation of visa holders is an expected outcome. Further, this chapter examines Marx's

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<sup>1</sup> Held and McGrew, “The Great Globalization Debate: An Introduction,” p. 2.

work on the industrial reserve army and explores how this concept can be used to provide insights into how the program affects the working conditions of all workers. In addition, this chapter examines the state as a separate source of power and investigates the implications this has for the operation of the 457 visa program. Finally, this chapter asks why researchers, politicians and the media continue to cite globalisation as the reason for the program when capitalism provides superior insights.

### **A sceptical view of globalisation and the 457 visa**

In an interview at the end of 2008-09, Immigration Minister Chris Evans was quizzed on changes to the Australian immigration system and in particular, the increased emphasis on temporary compared to permanent migration. Evans accepted that there had been a significant shift, and went on to state,

... the world's changed. We have a global employment market now. There's much more mobility. Many more people coming in and out of countries for short-term or fixed term employment contracts. So the world has changed, and the 457 has developed dealing with that reality as well, so I don't think there is any turning back.<sup>2</sup>

While not explicitly invoking the concept of globalisation, this statement demonstrates how it has been linked to the 457 visa. Firstly, Evans notes that world migration has transformed with the development of a global labour market. Secondly, he stresses the increased number of people coming to Australia to complete "short-term or fixed term employment contracts." Finally, he states that "I don't think there is any turning back." This final declaration is reminiscent of claims made by a number of globalists about the inevitability of globalisation, even invoking the words of Ohmae, who notes "there can be no turning back."<sup>3</sup> From an Australian political perspective,

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<sup>2</sup> Evans in Peter Mares, "The immigration two-step," *The National Interest* (ABC Radio, 3 July 2009)  
<<http://www.abc.net.au/rn/nationalinterest/stories/2009/2616441.htm#transcript>>  
accessed 10 July 2009.

<sup>3</sup> Ohmae, *The End of the Nation-State*, p. vii.

former Treasurer Costello has declared that globalisation is irreversible,<sup>4</sup> while former Prime Minister Howard highlighted the “folly” of those who argue that “in some way the forces of globalisation can be reversed.”<sup>5</sup> In making the statement quoted above, Evans not only links temporary labour migration with globalisation, but also warns of the futility of preventing such migration. Accordingly, Australia must have a program that facilitates the temporary migration of workers because of the globalisation of the world economy and the formation of a global labour market. The 457 visa program purportedly fulfils this need.

Evans’ statement places him in the globalist camp, believing that globalisation is real and represents a fundamental change to society. However, as noted in Chapter Two, sceptics question this belief. While accepting that some changes may have occurred over the past few decades, they argue that it is not only the changes themselves that should be investigated, but also “the driving forces behind them.”<sup>6</sup> The 457 visa system appears to be a case which supports the sceptics’ argument.

That the 457 visa scheme has become an increasingly significant component of the Australian immigration system does not mean that globalisation has caused a “paradigmatic shift,” as Hugo contends.<sup>7</sup> Although there has been some change, such migration is not unprecedented in either nature or size. In the aftermath of the Second World War, Germany and the US administered

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<sup>4</sup> Peter Costello, “Challenges and Benefits of Globalisation: Address to the Sydney Institute,” *Treasurer* (25 July 2001) <<http://www.treasurer.gov.au/tsr/content/speeches/2001/003.asp>> accessed 9 November 2007.

<sup>5</sup> John Howard, “Address to University Students, Belfield Campus, University College Dublin,” *Prime Minister* (22 May 2006) <<http://pandora.nla.gov.au/pan/10052/20080118-1528/pm.gov.au/media/Speech/2006/speech1977.html>> accessed 24 February 2010.

<sup>6</sup> Linda Weiss, “Globalization and national governance: antinomy or interdependence?,” *Review of International Studies* 25, no. 5 (1999), p. 59.

<sup>7</sup> Graeme Hugo, “Globalization and Changes in Australian International Migration,” *Journal of Population Research* 23, no. 2 (2006), p. 107.



temporary labour migration programs that were as significant to overall migration as the 457 visa scheme. It is difficult to argue that globalisation is responsible for such migration given that many globalists cite the economic downturn of the 1970s<sup>8</sup> or the end of the Cold War<sup>9</sup> as heralding its beginning.

While there are many similarities between the German and American temporary migration programs and the 457 visa program, there are two important differences. First is the ability of citizens of any country to migrate to Australia as a 457 visa holder. Second is the higher-skilled nature of migration under the 457 visa program. While the second factor does not appear to be essentially related to the issue of globalisation, the first is. However, while a globalised program should facilitate migration from every country, there must also be evidence that such migration occurs for globalisation to be cited as being responsible. In contrast to this expectation, data on the 457 visa program demonstrates that the United Kingdom continues to be the dominant source of migrants. While the Government developed a program that facilitated globalised migration, the reality is that those who come to Australia continue to be from the same countries. Surprisingly, permanent migration reflects a more globalised migration system than the 457 visa program, even when the skill restrictions that are placed on migrants are taken into consideration.

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<sup>8</sup> Paul Bairoch and Richard Kozul-Wright, "Globalization Myths: Some Historical Reflections on Integration, Industrialization and Growth in the World Economy," *United Nations Conference Trade and Development* (1996) <[http://www.unctad.org/en/docs/dp\\_113.en.pdf](http://www.unctad.org/en/docs/dp_113.en.pdf)> accessed 16 February 2009, p. 1; Brian Burgoon, "The Rise and Stall of Labor Linkage in Globalization Politics," *International Politics* 41 (2004), p. 207; Manuel Castells, "Global Informational Capitalism," in *The Global Transformations Reader: An Introduction to the Globalization Debate*, ed. David Held and Anthony McGrew (Cambridge: Polity, 2003), p. 326.

<sup>9</sup> Thomas Friedman, *The Lexus and the Olive Tree* (London: HarperCollins, 2000), pp. 7-13; Timothy J. Hatton and Jeffrey G. Williamson, *Global Migration and the World Economy: Two Centuries of Policy and Performance* (Cambridge and London: The MIT Press, 2005), p. 157; Martin Shaw, "The state of globalization: towards a theory of state transformation," *Review of International Political Economy* 4, no. 3 (1997), p. 504.

A migration program implemented in response to globalisation should also reflect expected changes to how societies are organised and governed. Globalists argue that national identity becomes less important in a globalised world and that there will be a shift in power away from governments to businesses. As this thesis has shown, although there is some evidence to support these claims, a more considered analysis demonstrates that these changes are much less significant than would be anticipated if globalisation was such an important factor in the operation of the 457 visa program.

To return to Evans' quote, the evidence presented in this thesis demonstrates that his statement masks much of the truth about the 457 visa program. Rather than the "global labour market" he refers to, the United Kingdom remains the most popular origin. Secondly, while it is true that the program facilitates employment based on "short-term or fixed term employment contracts," this is not significantly different to past periods of migration and besides, the vast majority of 457 visa holders have indicated a preference to remain in Australia on a permanent, rather than temporary, basis.<sup>10</sup> Lastly, while he and many others believe that there is not "any turning back," this disguises the continued power of the Government to regulate migration, and the economy more generally, in which ever way it sees fit.

This adds weight to the sceptics' argument that the influence of globalisation is overstated<sup>11</sup> and its theoretical offerings are limited.<sup>12</sup> It does not prove the existence or nonexistence of globalisation, but it does demonstrate one occasion where the rhetoric of globalisation is not supported by evidence. Further, it highlights the need to be sceptical of claims that globalisation is

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<sup>10</sup> As shown in Khoo, McDonald, and Hugo, *Temporary Skilled Migrants in Australia: Employment Circumstances and Migration Outcomes*, Table 14, 84 per cent of 457 visa holders surveyed indicated that they wanted their migration to be permanent.

<sup>11</sup> Hirst and Thompson, *Globalization in Question*.

<sup>12</sup> Justin Rosenberg, "Globalization Theory: A Post Mortem," *International Politics* 42, no. 1 (2005), pp. 2-74.

the reason for particular policies and programs. Given globalisation does not appear to be the reason for the introduction of the 457 visa program, the questions of what is and what this reveals about the program remain unanswered.

### ***Sceptics and capitalism***

If, as this thesis suggests, the sceptics' position that globalists overstate the extent of globalisation is supported by the case of 457 visa program, their arguments may provide greater insight into the program. Although it is difficult to generalise the views of this group, many argue that those changes purportedly caused by globalisation are the result of capitalism. Further, to understand these changes one needs to undertake an analysis from a Marxist perspective. The reason many sceptics point to the work of Marx is that it provides a clear exposition of the expansionist nature of capitalism and is therefore valuable in explaining recent changes that are supposedly the result of globalisation.<sup>13</sup>

While agreeing that Marx's critique of capitalism identifies many of the changes attributed to globalisation, Rosenberg offers a more nuanced critique of the globalist position. In particular, he notes that globalization "must — consciously or otherwise — incorporate a social theory drawn from elsewhere, of what is being 'globalized'."<sup>14</sup> He then shows that an analysis using Marx's theory of capitalism explains the changes globalists point to as evidence of globalisation's existence.<sup>15</sup> It is this belief, that capitalism itself is

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<sup>13</sup> Andrew Howard, "Global Capital and Labor Internationalism in Comparative Historical Perspective: A Marxist Analysis," *Sociological Inquiry* 65, no. 3 (1995), pp. 365-394; Paul Le Blanc, *Marx, Lenin, and the Revolutionary Experience: Studies of Communism and Radicalism in the Age of Globalization* (New York and London: Routledge, 2006); David Renton, *Marx on Globalization* (London: Lawrence and Wishart Limited, 2001).

<sup>14</sup> Rosenberg, "Globalization Theory," p. 12.

<sup>15</sup> *Ibid.*, p. 65.

the core of what is generally seen as globalisation, that Weiss alludes to when she notes that sceptics question the “driving force behind” the changes.<sup>16</sup>

However, it was not only Marx who saw the expansionist nature of capitalism. Adam Smith, often seen as one of the first theorists of capitalism, also noted this. Smith acknowledges the importance of international trade in *The Wealth of Nations*:

By uniting, in some measure, the most distant parts of the world, by enabling them to relieve one another's wants, to increase one another's enjoyments, and to encourage one another's industry, their general tendency would seem to be beneficial.”<sup>17</sup>

While Smith is usually seen as a leading advocate for capitalism, he was aware that disparities in power could lead to the exploitation of developing countries and their populations. Anticipating the concerns of some of globalisation's critics,<sup>18</sup> he notes that capitalism might result in a situation where people “were enabled to commit with impunity every sort of injustice in those remote countries.”<sup>19</sup>

Further, he states that owners of financial capital could easily move around the world, describing them as a “citizen of the world,... not necessarily attached to any particular country.”<sup>20</sup> Although he sees this as generally a positive development, Smith foresees potential negative repercussions. Such people could leave a country if they decided that the taxation regime there

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<sup>16</sup> Weiss, “Globalization and national governance: antinomy or interdependence?,” p. 59.

<sup>17</sup> Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. Edwin Cannan, Fifth Edition. (London: Methuen and Co., 1930), p. 125.

<sup>18</sup> Joseph Stiglitz, “The Overselling of Globalization,” in *Globalization: What's New*, ed. Michael M. Weinstein (New York: Columbia University Press, 2005), p. 55; Kate Raworth, *Trading Away Our Rights: Women working in global supply chains* (Oxford: Oxfam International, 2004) <[http://www.oxfam.org/en/files/report\\_042008\\_labor.pdf](http://www.oxfam.org/en/files/report_042008_labor.pdf)> accessed 29 April 2008; Naomi Klein, *No Logo* (London: Flamingo, 2001).

<sup>19</sup> Smith, *The Wealth of Nations*, p. 125.

<sup>20</sup> *Ibid.*, p. 333.

was too burdensome, moving to another, more friendly location. Further, he observes that by doing so, businesses in the original country would close, people would become unemployed, and that taxes would therefore “tend to dry up every source of revenue, both to the sovereign and to the society.”<sup>21</sup> Again, Smith’s concerns are similar to those of globalisation’s critics who highlight the problems associated with businesses having the power to move between countries looking for tax levels more conducive to higher profits.

While Smith acknowledges many of the downsides of capitalism, he believes that these are outweighed by its benefits. In particular, he develops what Forman-Barzilai calls commercial cosmopolitanism, whereby free trade between nations mitigates conflict and leads to international peace.<sup>22</sup> This is very similar to Friedman’s “Golden Arches Theory of Conflict Resolution,” whereby people in countries that have a network of McDonald’s stores do not fight wars with each other.<sup>23</sup> The basis of this theory is that countries that are open to trade, and engage with what globalists view as the globalisation project, will be peaceful towards each other. While Smith believed this was a result of capitalism, Friedman believes it is globalisation.

Although they were discussing capitalism, Smith and Marx both described issues that globalists now portray as being the result of globalisation. Both acknowledge that capitalism has an inherent interest in growing beyond the borders of nation-states, developing links between people in countries across the world. This similarity is not surprising. Much of Marx’s analysis is based on his critique of the work of classical political economists, including Smith.<sup>24</sup>

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<sup>21</sup> Ibid.

<sup>22</sup> Fonna Forman-Barzilai, “Adam Smith as globalization theorist,” *Critical Review* 14, no. 4 (2000), p. 414.

<sup>23</sup> Friedman, *The Lexus and the Olive Tree*, p. 249.

<sup>24</sup> For examples of Marx’s critique of Smith’s examination of the division of labour, see Karl Marx, “Economic and Philosophical Manuscripts,” in *Early Writings*, ed. Lucio Colletti, trans. Gregor Benton and Rodney Livingstone (London: Penguin Publishing in association

Sceptics point to such analyses to demonstrate that what is seen as globalisation is actually capitalism. At times, supporters also note the central role of capitalism in the process of globalisation. One of its most vocal supporters, Thomas Friedman, states that “the driving idea behind globalization is free-market capitalism,” and that “globalization means the spread of free-market capitalism to virtually every country in the world.”<sup>25</sup> What Friedman fails to acknowledge, but is apparent from looking at the work of Marx and Smith, is that an essential element of capitalism is its expansionist nature.

### **Capitalism and the 457 visa program**

Not only have sceptics pointed to the role of capitalism in what is described as globalisation, but scholars have also pointed to capitalism’s role in international migration. Many theorists view migration as the result of the rational behaviour of individual actors or groups in trying to maximise their income through some form of cost-benefit analysis.<sup>26</sup> Others are more explicit in noting the impact of the central dynamics of capitalism on migration patterns. In particular, studies by Castells and Nikolinakos, both published in 1975, focus on the migration of temporary workers to Europe in the years after the Second World War, such as the *gastarbeiters* discussed in Chapter Three.<sup>27</sup> As previously demonstrated, there are a number of similarities between the *Gastarbeiter* program and the 457 visa program, indicating that a similar method of analysis could be used.

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with New Left Review, 1992), pp. 369-375; Karl Marx, *Capital, Vol. 1*, ed. Ernest Mandel, trans. Ben Fowkes (London: Pelican, 1990), p. 475 and pp. 483-4.

<sup>25</sup> Friedman, *The Lexus and the Olive Tree*, p. 9.

<sup>26</sup> For a review of many of the different theories of migration, see Douglas S. Massey et al., “Theories of International Migration: A Review and Appraisal,” *Population and Development Review* 19, no. 3 (September 1993), pp. 431-466.

<sup>27</sup> Manuel Castells, “Immigrant Workers and Class Struggles in Advanced Capitalism: the Western European Experience,” *Politics and Society* 5, no. 1 (1975), pp. 33-66; Marios Nikolinakos, “Notes towards a general theory of migration in late capitalism,” *Race and Class* 17, no. 1 (1975), pp. 5-16.

**Class struggle**

As has been noted throughout this thesis, the relationship between 457 visa holders and their employers is central to the program's operation. It must exist in order for a worker to gain a visa, and must continue to do so for them to remain in Australia. However, if globalisation is the reason for the 457 visa program, it is difficult to determine how it is expected to affect the employment relationship between a visa holder and their employer. Although they may be from different countries, they must both be present in Australia for the relationship to exist. Further, this does not explain why it is different to any other employment relationship that is not purported to be the result of globalisation. Nevertheless, globalists have researched globalisation's impact on working conditions. Some find that it has a positive effect,<sup>28</sup> while others argue that it has given companies the ability to drive down working conditions by moving easily between countries in search of the most profitable environment.<sup>29</sup> However, although these globalists talk about globalisation, some sceptics argue they are actually analysing capitalism.

While globalisation does not provide insight into how employers and employees relate to each other, this is not true of capitalism, particularly from a Marxist perspective. According to Marx and Engels, the struggle between boss and worker is at the core of capitalism. In the preface to the 1888 English edition of the *Communist Manifesto*, Engels describes the proletariat as "the class of modern wage-labourers who, having no means of production of their own, are reduced to selling their labour power in order to live."<sup>30</sup> In contrast, the bourgeoisie is the group of people in society who own the means of production, and who employ the wage-labourers. This focus on the struggle between worker and boss appears to make a Marxist analysis

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<sup>28</sup> Robert J. Flanagan, *Globalization and Labor Conditions* (New York: Oxford University Press, 2006); Wolf, *Why Globalization Works*.

<sup>29</sup> Klein, *No Logo*; Charles Tilly, "Globalization Threatens Labor's Rights," *International Labor and Working-Class History* 47 (1995), 1-23.

<sup>30</sup> Engels in Marx and Engels, *The Communist Manifesto* [1848], p. 79.

suitable for an examination of the 457 visa program, where this relationship is fundamental.

The power imbalance between worker and sponsor is central to many of the concerns raised about the program. In fact, it has led some commentators to describe 457 visa holders as “slaves.”<sup>31</sup> Most notably, in 2007 the US State Department expressed concerns over the trafficking of workers through the 457 visa program, noting that some people were “migrating to Australia temporarily for work whose labo[u]r conditions amounted to slavery, debt bondage and involuntary servitude.”<sup>32</sup> Describing visa holders as slaves is not a criticism that is unique to the 457 visa program, with the same argument being made against a number of other guest worker programs.<sup>33</sup>

By comparing 457 visa holders to slaves, critics of the program are highlighting how they are unfree labour because of “restrictions placed on their ability to commodify their labour power.”<sup>34</sup> In contrast, a standard employment relationship is often described as free, as both sides are able to

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<sup>31</sup> Ben Langford, “Guest worker says he got a raw deal in NT,” *Northern Territory News*, 8 December 2007, p. 20; “Temporary work visa migrants like ‘slaves,’” *The Gold Coast Bulletin*, 3 October 2007, p. 23; Matthew Moore, Jewel Topsfield, and Malcolm Knox, “Philippines hits out at abuse of workers,” *The Age*, 29 August 2007, p. 2; Yuko Narushima, “How work visas help to enslave young migrants,” *The Sydney Morning Herald*, 8 August 2008, p. 3.

<sup>32</sup> United States Department of State, “Trafficking in Persons Report,” (June 2007) <<http://www.state.gov/documents/organization/82902.pdf>> accessed 27 November 2007, p. 57.

<sup>33</sup> For example, see Mary Bauer, *Close to Slavery: Guestworker Programs in the United States* (Southern Poverty Law Center, 2007) <<http://www.splcenter.org/pdf/static/SPLCguestworker.pdf>> accessed 13 September 2007; Eric Ellis, “An economy soars, on the back of the poor,” *The Sydney Morning Herald*, 11 February 2008, p. 17; Lawrence Phillips, “British slavery after abolition: the Pacific trade,” *Race and Class* 41, no. 3 (2000), pp. 13-27; Dale Brazao, “This was nothing short of slavery,” *Toronto Star*, 30 August 2008, p. A1; International Labour Organisation, *Realizing decent work in Asia: fourteenth Asian regional meeting, Busan, Republic of Korea, August - September 2006* (Geneva: International Labour Organization, 2006) <[http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---webdev/documents/publication/wcms\\_071313.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---webdev/documents/publication/wcms_071313.pdf)> accessed 16 August 2007, p. 43; Richard B. Craig, *The Bracero Program: Interest Groups and Foreign Policy* (Austin: University of Texas Press, 1971), p. 194. (Austin: University of Texas Press, 1971), p. 194.

<sup>34</sup> Miles, *Capitalism and Unfree Labour*, p. 160.



decide whether to enter and leave it.<sup>35</sup> Although 457 visa holders receive wages, and are therefore recognised as being in the labour force, they are only able to do this legally because the restrictions placed on them by the state and their contract stop “them from freely disposing of their labour power on the labour market.”<sup>36</sup>

However, Marx shows that although workers in a capitalist system appear to be free to exchange their labour for wages, just as a seller is free to exchange their product for money, this fails to take into account the social conditions underlying this exchange. In particular, the worker must continually sell their labour power so as to continue to have the means to live, while the employer will generally have savings and potentially other sources of income on which to survive if the exchange does not take place. Mandel describes this as an “economic compulsion” which has been institutionalised in capitalism. If this did not exist, capitalism would need the state or judiciary to force workers into employment.<sup>37</sup>

It is therefore inaccurate to contrast 457 visa holders with other workers, on the grounds that they are unfree labour. All workers are forced into employment, even if it may appear to be a free decision for most of them. The same is true of deciding to quit or risk being fired for speaking out. Any worker must consider the consequences of not having a job and therefore income. While the repercussions for 457 visa holders if they lose their job are more severe than for other workers, as they risk being deported, the employment relationship continues to be governed by the laws of capitalism. What the 457 visa program has done is to provide employers with further means by which to increase the power they have over their workers. However, it does not mean that 457 visa holders are the only workers over

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<sup>35</sup> Weber in *Ibid.*, p. 1.

<sup>36</sup> *Ibid.*, p. 167.

<sup>37</sup> Ernest Mandel, “Introduction,” in *Capital [1867]*, ed. Ernest Mandel, vol. 1 (London: Penguin Books in association with New Left Review, 1990), pp. 47-48.

which employers demonstrate considerable power. To have used globalisation to explain the 457 visa program is to disregard the centrality of an understanding of the long-term dynamics of capitalism to the program and to disguise the similarities between visa holders and other workers.

### **Surplus value**

While the struggle between boss and worker is at the core of capitalism, the aim of capitalists is to maximise their profits. To do this, Marx believes they extract as much surplus value from their workers as possible. The concept of surplus value is central to Marx's analysis of capitalism – something he claimed was his “main theoretical discovery.”<sup>38</sup> His investigation into the production of surplus value is based on the division of capital into two components: constant capital, “the sum of money... laid out on means of production”; and variable capital, “the sum of money ... expended on labour-power.”<sup>39</sup> Capitalist production involves the combination of these two types of capital. However, a business will not want to sell what is produced for the value of constant plus variable capital, as no profit arises from this sale. Instead, they will want to sell the product for more. The difference between the money received for, and the capital invested in, the product is surplus value.<sup>40</sup>

In effect, surplus value is the profit made by a business from each transaction. However, this does not explain how surplus value is created. According to Marx, constant capital “is transferred to the product, and merely re-appears in it.”<sup>41</sup> For example, the value of the fabric used in the production of clothes is transferred from the fabric to the finished item. This means that it must be the variable capital, or the labour, that creates surplus

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<sup>38</sup> Ibid., p. 51.

<sup>39</sup> Marx, *Capital*, Vol. 1, p. 320.

<sup>40</sup> Ibid.

<sup>41</sup> Ibid., p. 321.

value. Mandel describes labour as having the ability not only to “conserve value”, or to transfer the value of the raw material to the finished product, but also to “create new value.”<sup>42</sup> Workers therefore “produce value... over and above the equivalent of the wages they receive.”<sup>43</sup> Surplus value is the value that workers produce that is then appropriated by businesses. Workers are therefore the source of surplus value, and as it is the aim of capitalists to make as much profit as possible, they will strive to extract as much from each worker as they can.

While the production of surplus value is the ambition of all capitalists, it only serves as a means by which they can continue to grow and make more profits. Generally, they will re-invest at least part of this surplus value back into their business as capital. Marx describes this capital accumulation as “the immediate purpose and the determining motive of capitalist production.”<sup>44</sup> The reinvestment in variable capital will continue until the demand for labour is greater than the supply, causing wages to rise.<sup>45</sup> As employers must now pay more for labour, the surplus value they are able to extract is reduced. In turn, this slows the accumulation of capital as there are fewer funds available for reinvestment. Economic activity will therefore slow; leading a capitalist to shed surplus labour, cut the wages they offers workers, or make each employee work harder in order to achieve higher profits than their competitors. The amount of surplus value extracted by the business will therefore increase, causing economic activity to rise and the process to start again.

There is, some say, another more central reason for the tendency of the rate of profits to decline – a greater increase in investment in constant capital than

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<sup>42</sup> Mandel, “Introduction,” p. 51.

<sup>43</sup> Ibid.

<sup>44</sup> Karl Marx, *Capital*, Vol. 3, ed. Ernest Mandel, trans. David Fernbach (London: Penguin Books in association with New Left Review, 1981), p. 352.

<sup>45</sup> Marx, *Capital*, Vol. 1, p. 763.

in variable capital – leading to a rise in what is called the “organic composition of capital.” This removes variable capital – i.e. living labour power (the only source of new value) from the process and undermines the ability to extract surplus at the same rate.

All capitalists, including those who sponsor 457 visa holders, take part in this process. However, it is the step where wages rise because the demand for labour outstrips its supply that the program plays an important role. When the supply of unemployed labour becomes so low as to require an increase in wages to attract workers, there will be wage inflation. Unemployed labour therefore plays a critical role in capitalism: it is a restraint on large wage increases, and the subsequent reduction in surplus value that employers can extract. Marx describes this supply of surplus labour as the “industrial reserve army,... a mass of human material always ready for exploitation by capital in the interests of capital’s own changing valorisation requirements.”<sup>46</sup>

While mainstream economics is often hostile to much of Marx’s economic critique of capitalism, the belief that wages will rise as surplus labour falls, is not controversial. In his Presidential Address to the Annual Meeting of the American Economic Association in 1967, Milton Friedman famously described the concept as the natural rate of unemployment. If unemployment is lower than this, “there is an excess demand for labo[u]r that will produce upward pressure on real wage rates” while a higher rate “is an indication that there is an excess supply of labo[u]r that will produce downward pressure on real wage rates.”<sup>47</sup> Other economists have developed a similar concept, the Non-Accelerating Inflation Rate of Unemployment (NAIRU).<sup>48</sup> Both of

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<sup>46</sup> Ibid., p. 784.

<sup>47</sup> Milton Friedman, “The Role of Monetary Policy,” *The American Economic Review* 58, no. 1 (March 1968), p. 8.

<sup>48</sup> For a brief outline see Laurence Ball and N. Gregory Mankiw, “The NAIRU in Theory and Practice,” *The Journal of Economic Perspectives* 16, no. 4 (Autumn 2002), p. 115. Estimates of Australia’s NAIRU differ between studies, but have been shown to rise between the 1960s, when it was estimated to be approximately 2 per cent, and the late 1990s when it was

these terms have received widespread use in the economic debate in Australia.<sup>49</sup>

As surprising as it is that scholars as diverse as Friedman and Marx have such similar views, there are some differences. While Friedman believes that full employment is possible, Marx does not. Friedman's position is that if wages adjust to reflect supply and demand, then full employment will be achieved. He acknowledges that this is unlikely in reality, but places blame for this at the feet of minimum wage laws and labour unions, noting that their existence "make the natural rate of unemployment higher than it would otherwise be."<sup>50</sup> In contrast, Marx sees the existence of a reserve industrial army as central to capitalism. As noted above, when there is a reduction in the size of reserve army, the bargaining power of labour increases, along with wages. But this is only a temporary position. Capitalists will now spend less money on new investments, because of falling profits, which itself leads to less employment, and a replenishment of the reserve army.<sup>51</sup> It is therefore not

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estimated to be between 7 and 9 per cent (see Ian M. McDonald, "Equilibrium Unemployment: Theory and Measurement in Australia Using the Phillips Curve," *The Economic Record* 78, no. 243 (2002), p. 462.) By 2007, it had been estimated to have fallen back to 4.7 per cent (Steven Kennedy, "Full Employment in Australia and the Implications for Policy," (11 December 2007) <<http://www.treasury.gov.au/documents/1328/PDF/Address%20by%20Steven%20Kennedy%20to%20the%20NSW%20Economic%20Society.pdf>> accessed 12 February 2010, p. 37.)

<sup>49</sup> Barry Hughes, "Daring to come out of the closet over full employment," *The Sydney Morning Herald*, 25 June 2008, p. 11; "Farewell to full employment," *The Canberra Times*, 4 March 2008, p. 9; Ross Gittins, "Why too much work is bad for the economy," *The Sydney Morning Herald*, 15 December 2007, p. 41; Ross Gittins, "Unemployment Limbo: How Low Should We Go?," *The Sydney Morning Herald*, 29 May 2004, p. 44; Alan Kohler, "The Jobless Who Could and Should Have Employment," *The Age*, 17 January 2007, p. 13; Laurie Oakes, "Ugly duckling will become a Swan," *Daily Telegraph*, 23 February 2008, p. 32; Terry McCrann, "In search of the elusive NAIRU," *Herald-Sun*, 21 February 2008, p. 69; David Uren, "Jobless low fuels inflation," *The Australian*, 21 February 21 2008, p. 2.

<sup>50</sup> Friedman, "The Role of Monetary Policy," p. 9.

<sup>51</sup> Robert Pollin, *Is Full Employment Possible under Globalization?*, Working Paper Series, No. 141 (University of Massachusetts Amherst: Political Economy Research Institute, April 2008) <[http://www.peri.umass.edu/fileadmin/pdf/working\\_papers/working\\_papers\\_101-150/WP141.pdf](http://www.peri.umass.edu/fileadmin/pdf/working_papers/working_papers_101-150/WP141.pdf)> accessed 11 April 2008, p. 3.

possible to achieve full employment, as capitalists rely on the industrial reserve army to dampen wage increases.

It is possible to view potential 457 visa holders as an industrial reserve army of labour. In fact, many of the reasons presented for the existence of the 457 visa refer to the economic rationale for its existence and its impact on wage rises. For example, Immigration Minister Evans stated that,

I've learnt since taking on the job that immigration is all about the economy. This is very central now to the economic debate. I've spent most of my time since taking on the job engaged in the economic debate about the capacity constraints, about inflation, about our ability to meet the needs of industry.<sup>52</sup>

Defences of the program often involve discussion of its role in meeting the needs of business and ameliorating capacity constraints, skills shortages and inflation.<sup>53</sup> From this perspective, the program exists to ensure that when employers are unable to find local workers they can access overseas labour. Given the influence that business has on the program, it is not surprising that discussions about its impact emphasise the benefits it delivers to employers, with little said about what it means for workers.

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<sup>52</sup> Chris Evans, "Address to Catalyst Forum on Temporary Migration," *Minister for Immigration and Citizenship* (6 May 2008)  
<<http://www.minister.immi.gov.au/media/speeches/2008/ce08-06052008.htm>> accessed 24 September 2008.

<sup>53</sup> Chris Evans, "Access with integrity - 457 visa reforms," *Minister for Immigration and Citizenship* (14 September 2009)  
<<http://www.minister.immi.gov.au/media/speeches/2009/ce090914.htm>> accessed 10 February 2010; Chris Evans, "Government announces changes to 457 visa program," *Minister for Immigration and Citizenship* (1 April 2009)  
<<http://www.minister.immi.gov.au/media/media-releases/2009/ce09034.htm>> accessed 23 November 2009; Amanda Vanstone, "Leading Academics Applaud the 457 Visa," *Minister for Immigration and Multicultural Affairs* (15 August 2006)  
<<http://pandora.nla.gov.au/pan/67564/20071110-0000/www.minister.immi.gov.au/media/media-releases/2006/v06128.html>> accessed 17 September 2010; Hugo, "Globalization and Changes in Australian International Migration," p. 113; Maria Jockel, "457 visas, skill shortages and worker protection," *People and Place* 17, no. 2 (2009), 30-42.

Before considering how the 457 visa program affects workers, one should investigate whether the data confirms a link between unemployment, inflation and the size of the program. As noted in Chapter Three, the program has operated throughout a period when unemployment has generally been falling, which makes it difficult to make definitive findings about the impact it has on the size of the program. Nevertheless, there was a rise in unemployment in 2008-09, which provides an opportunity to examine whether this proposition is true. In 2007-08, unemployment fell to 4.2 per cent,<sup>54</sup> well below most estimates of the NAIRU.<sup>55</sup> At the same time, wages rose by 4.3 per cent, as high as at any other time during the operation of the 457 visa program.<sup>56</sup> As expected in such circumstances, the number of 457 visas granted reached a peak of 110,570.<sup>57</sup> Therefore, at a time of low unemployment and increasing inflation, businesses were increasingly looking to overseas workers, who represented an international industrial reserve army, to mollify wage demands.

While 2007-08 saw unemployment fall to its lowest rate in more than 30 years, the following year saw the largest annual increase in the unemployment rate since the 457 visa program was introduced. In 2008-09 the unemployment rate averaged 4.9 per cent,<sup>58</sup> while wages growth fell to 3.8 per cent.<sup>59</sup> Again, the predicted outcome arose; the number of 457 visas issued fell. Although it is doubtful that the change in the level of wage inflation can be traced to the presence of 457 visa holders who represented less than 1 per

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<sup>54</sup> Australian Bureau of Statistics, *Labour Force*.

<sup>55</sup> Kennedy, "Full Employment in Australia and the Implications for Policy," p. 37.

<sup>56</sup> Australian Bureau of Statistics, *Wage Price Index, Cat. No. 6345.0* (Canberra, December 2010).

<sup>57</sup> Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2007/08," (2008)  
<[http://www.immi.gov.au/media/statistics/pdf/457\\_stats\\_07\\_08.pdf](http://www.immi.gov.au/media/statistics/pdf/457_stats_07_08.pdf)> accessed 23 July 2008, Table 1.01, p. 2.

<sup>58</sup> Australian Bureau of Statistics, *Labour Force*.

<sup>59</sup> Australian Bureau of Statistics, *Wage Price Index*.

cent of the labour force,<sup>60</sup> businesses do appear to view the program as a means of accessing an industrial reserve army. When there are labour shortages in Australia the number of visas issued rises while the opposite is true when shortages are less prevalent.

The Government often promotes the benefits of the program that flow to businesses from this relationship between unemployment and the number of 457 visas granted. Discussing the program in Senate Estimates towards the end of 2008, Evans confirmed this, noting

it stands to reason that, if economic activity was to come off and demand from employers for temporary labour was to come off, then the numbers on the 457 scheme would come off. You would expect there to be a direct relationship.<sup>61</sup>

This restates Marx's position; when economic activity falls, workers will be returned to the industrial reserve.

Although the majority of statements about the relationship between the number of unemployed and the program outline the benefits to businesses, former Immigration Minister Amanda Vanstone did reveal its impact on workers in 2006. In an attempt to defend the program from criticism, she noted that the program "opens up the industry to other pools of employees, which undermines the unions' ability to exploit high wages amid the skills shortage."<sup>62</sup> The "other pools of employees" that Vanstone mentions is a

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<sup>60</sup> According to Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2008/09," (2009)

<<http://www.immi.gov.au/media/statistics/pdf/457-stats-state-territory-june09.pdf>>

accessed 13 August 2009, Table 1.20, p. 12, there were 77,330 primary 457 visa holders in Australia at 30 June 2009. At the same time, there were 11,418,800 people in the Australian labour force, Australian Bureau of Statistics, *Labour Force*.

<sup>61</sup> Senate Standing Committee on Legal and Constitutional Affairs, "Official Committee Hansard: Supplementary Budget Estimates," *Parliament of Australia*, (21 October 2008)

<<http://www.aph.gov.au/hansard/senate/commtee/S11352.pdf>> accessed 31 October 2008, p. 26.

<sup>62</sup> Vanstone in Meaghan Shaw, "Guest workers cut wages: Vanstone," *The Age*, 8 June 2006, p. 8.



synonym for the industrial reserve army. Acknowledging that there was a shortage of labour, which was the result of capital accumulation, Vanstone recognises that, all things being equal, this would shift bargaining power in wage disputes away from capital and towards labour. However, rather than needing to pay higher wages to attract new workers, businesses were given the opportunity to access a much larger reserve army. This meant that they were able to continue to extract the same amount of surplus value from each worker, allowing their profits to continue increasing.

While the ability of employers to import workers from overseas means there is less pressure to pay higher wages in periods of high economic growth, the presence of an industrial reserve army is an ever-present restraint on wages. This is because the threat of employing a 457 visa holder can be just as effective for an employer as actually doing so. Workers are much more likely to accept the wages and working conditions on offer if they believe that their boss will employ a 457 visa holder if they do not. However, this needs to be a credible threat.

The question of which threats are credible has been investigated in relation to the instances of businesses threatening to move their operations to another country. It has been argued, quite rightly, that only businesses in industries that can easily move to another country can use such a threat.<sup>63</sup> However, this only refers to the cases of companies moving, whereas in the case of the 457 visa program it is the labour that moves. The credibility of threats from businesses is therefore based on the ability of the employer to access the program, not to move to another country. It is the skill level of the position in question that determines the credibility of the threat, not the mobility of the industry.

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<sup>63</sup> Robert Pollin, "Economic Prospects: Global Outsourcing and the U.S. Working Class," *New Labor Forum* 16, no. 1 (Winter 2007), p. 124.

What is evident from this investigation is the significant effect the 457 visa program has on the power relationships between workers and bosses. As outlined above, under capitalism the power in this relationship is always with the employer, who can afford not to employ a worker if they do not believe they will produce enough surplus value. The 457 visa program adds to this power by requiring the worker to maintain sponsorship by an eligible employer if they wish to remain in Australia. Additionally, the program also affects the relationship between all workers and their bosses because employers are able to use the possibility of importing guest workers to increase their bargaining leverage.

### **Role of the state**

As outlined in Chapter Six, in contrast to the expectation of globalists, the Australian Government has continued to have considerable power over the design and operation of the 457 visa program. This has led to the Government receiving substantial benefits from its administration of the program. Globalists believe that the business community has significant control over what the state can and cannot do. However, this is not what occurred with the 457 visa program. In this case, Weiss' concept of governed interdependence is more suitable.<sup>64</sup> While businesses have considerable power to determine who participates in the 457 visa program, this is only permitted within the parameters established by the Government. If a business flouts these rules, the Government has the power to punish them, as proven by the cases of restaurants in Canberra.<sup>65</sup> While the ability of the Government to penalise an individual employer is not evidence of its power over the business community as a whole, the previous chapter shows that it continues to display substantial authority over how the program operates.

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<sup>64</sup> Weiss, *The Myth of the Powerless State: Governing the Economy in a Global Era*, p. 38.

<sup>65</sup> Danielle Cronin, "Four restaurants banned from bringing in migrants," *Canberra Times*, 1 November 2006, p. 5.

Marx's work is seminal to anti-capitalist thought and many have acclaimed his economic critique while combining it with an analysis in which the state is a separate source of power.<sup>66</sup> A recent example is the amalgamation of Marxism and anarchism through what is dubbed the "Chicago Idea" or "Haymarket Synthesis."<sup>67</sup> This is an attempt to explain the ideology of socialists in Chicago whose agitation for an eight-hour working day culminated in a demonstration in Haymarket Square, the death of a police officer and the subsequent sentencing to death of a number of protesters. It has also been used to examine the similarities between the actions of the IWW in the early twentieth century and the Zapatista Army of National Liberation in the 1990s and 2000s.<sup>68</sup>

Following on from Weiss' use of the concept of governed interdependence, it is apparent that the state should be viewed as another source of domination in the system, although it will often act in conjunction with employers. As noted in the previous chapters, the Government has established the broad parameters by which the program would function and has gained significant advantages from its operation. The program delivers so many benefits to the Government that the led to what the Immigration Minister has described as the "perfect migrant."<sup>69</sup>

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<sup>66</sup> Rudolf Rocker, *Nationalism and Culture* (London: Freedom Press, 1937), p. 235; Richard J. F Day, *Gramsci Is Dead: Anarchist Currents in the Newest Social Movements* (London: Pluto Press, 2005), p. 9; Nathan Jun, "Anarchist Philosophy and Working Class Struggle: A Brief History and Commentary," *WorkingUSA* 12, no. 3 (2009), p. 517; April Carter, *The Political Theory of Anarchism* (London: Routledge & Kegan Paul, 1971).

<sup>67</sup> Saku Pinta, "Anarchism, Marxism, and the Ideological Composition of the Chicago Idea," *WorkingUSA* 12, no. 3 (2009), pp. 421-450.

<sup>68</sup> Staughton Lynd and Andrej Grubacic, *Wobblies and Zapatistas: Conversations on Anarchism, Marxism and Radical History* (Oakland: PM Press, 2008).

<sup>69</sup> Evans in Senate Legal and Constitutional Legislation Committee, "Official Committee Hansard: Budget Estimates," *Parliament of Australia* (27 May 2009) <<http://www.aph.gov.au/hansard/senate/commtee/S12041.pdf>> accessed 23 November 2009, p. 80.

Government control over the operation of the program can be demonstrated through the regulations that govern the MSL. From a neoliberal perspective, a legal minimum wage acts as an impediment to the efficient functioning of the labour market, leading Friedman to claim that such policies cause a higher natural rate of unemployment.<sup>70</sup> While the Government has provided the opportunity for employers to access a new reserve army of labour through the 457 visa program, it has also implemented the MSL to ensure that this does not lead to significant falls in wages. Such a policy is obviously in contrast to the wish of employers to keep wages low and therefore to extract as much surplus value from each worker as possible. Globalists might argue that the power businesses have over the state would mean restrictions such as the MSL would not be implemented. Nevertheless, the Australian Government continues to play a role in wage determination, a decision that may reflect a belief that the Australian public expects some Government regulation of employment conditions.

The reaction to the Howard Government's introduction of *WorkChoices* in 2005 demonstrates this expectation. Although the Australian industrial relations system had become progressively more decentralised over the preceding thirty years, *WorkChoices* was seen as giving employers too much power over their workers and not providing the state with enough authority to intervene. Its unpopularity was so widespread that a number of scholars cite it as one of the primary reasons for the demise of the Howard Government at the 2007 election.<sup>71</sup> This suggests that although the Australian public has been comfortable with some decentralisation of wage

<sup>70</sup> Friedman, "The Role of Monetary Policy," p. 9.

<sup>71</sup> Diana Kelly, "The 2007 Federal Election in Australia: Framing Industrial Relations," *Social Alternatives* 27, no. 2 (2008), pp. 33-40; Paul D. Williams, "The 2007 Australian Federal Election: The Story of Labor's Return from the Electoral Wilderness," *Australian Journal of Politics and History* 54, no. 1 (2008), pp. 104-125; Clive Bean and Ian McAllister, "The Australian election survey: the tale of the rabbit-less hat. Voting behaviour in 2007," *Australian Cultural History* 27, no. 2 (2009), pp. 205-218; Judith Brett, "Exit right: the unravelling of John Howard," *Quarterly Essay*, no. 28 (2007); Dennis Woodward, "WorkChoices and Howard's Defeat," *Australian Journal of Public Administration* 69, no. 3 (September 2010), pp. 274-288.

determination, it believes that the Government must have some involvement. While the MSL does not directly affect the wages of Australian workers, as it only stipulates the minimum for 457 visa holders, the opportunity to import workers who demand wages below the Australian rate will inevitably lead to lower wages for all. The Australian Government evidently continues to regulate the minimum salary that a 457 visa holder may receive due to a concern that a completely market-based mechanism would be politically damaging.<sup>72</sup>

The other major restriction placed on businesses that access the 457 visa program is the stipulation that the position to be filled is classified as meeting certain skill requirements. This has been noted a number of times throughout this thesis, with it providing a significant difference between the 457 visa and previous guest worker programs. As noted in Chapter Three, although some authors have linked the migration of the highly skilled to globalisation,<sup>73</sup> there is nothing inherent in the concept to suggest that this should be the case. Again, this comes back to the confusion surrounding the exact definition of globalisation, as other globalists have talked about the large number of people who are able to gain from the process, not limiting it to those with skills.<sup>74</sup> Nevertheless, while the concept of globalisation may not provide much insight into the restrictions on skill levels, viewing the Government as a significant and distinct source of power within a capitalist system does.

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<sup>72</sup> In September 2009 the Government did change the mechanism by which 457 visa holders' wages were determined, moving away from the MSL towards a "market based" mechanism. While this appears to be a shift towards decentralisation, it should be noted that the Government continues to play a role in ensuring that 457 visa holders are not paid less than the "minimum income threshold." For further information, see Evans, "Government announces changes to 457 visa program"; Evans, "Access with integrity."

<sup>73</sup> Hugo, "Globalization and Changes in Australian International Migration," p. 116; Said Ouaked, "Transatlantic Roundtable on High-skilled Migration and Sending Countries Issues," *International Migration* 40, no. 4 (2002), p. 154.

<sup>74</sup> For example, see Friedman, *The Lexus and the Olive Tree*, p. 14; Ohmae, *The End of the Nation-State*, p. 8.

As with the issue of wages, one would expect businesses to advocate for less Government regulation of skill levels. In particular, employers want the ability to import lower-skilled workers to fill skill shortages that they may be experiencing. The appropriate skill level of 457 visa holders was one of the issues investigated by a Parliamentary committee in 2007, with submissions from the agricultural and hospitality industries advocating the importation of lower-skilled workers.<sup>75</sup> Given that a large proportion of the jobs available in these industries would be for low-skilled workers, this is not surprising. These submissions were tended in 2007 when unemployment in Australia was extremely low, a point identified by one of the submissions, which noted that “the time is right for the Government to redress this problem [of not being able to import low-skilled workers] and introduce a new visa or add to the conditions of the current 457.”<sup>76</sup> Although representatives from the business community were advocating a loosening of restrictions over the skill level of 457 visa holders, there have been no major changes in this direction. In fact, the Government has moved in the opposite direction, placing further restrictions on positions identified as ASCO 5 – 7.<sup>77</sup>

However, the Government has introduced a separate program to facilitate the migration of lower skilled guest workers to Australia. Partly in response to the call from the agricultural industry for labour, in 2008 the ALP announced a pilot scheme for guest workers from Kiribati, Vanuatu, Tonga and Papua

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<sup>75</sup> Joint Standing Committee on Migration, “Temporary visas ... permanent benefits: Ensuring the effectiveness, fairness and integrity of the temporary business visa program,” *Parliament of Australia* (August 2007)  
<http://www.aph.gov.au/house/committee/mig/457visas/report/fullreport.pdf>  
 accessed 13 September 2007, pp. 9-10.

<sup>76</sup> Snedden, Hall and Gallop Lawyers, “Submission to the Joint Standing Committee on Migration Inquiry into Eligibility requirements and monitoring, enforcement and reporting arrangements for temporary business visas,” *Parliament of Australia* (5 February 2007)  
<http://www.aph.gov.au/house/committee/mig/457visas/subs/sub017.pdf> accessed 16 August 2010, pp. 4-5.

<sup>77</sup> Evans, “Access with integrity.”

New Guinea.<sup>78</sup> This program has similarities with the 457 visa program, including the need for employer sponsorship, but there are some significant differences. Firstly, this program was promoted as a component of Australia's foreign aid to Pacific Islands,<sup>79</sup> rather than as a response to globalisation. However, more significantly, it operates on a much smaller scale. Only 2,500 visas were to be issued over the three years of the trial and only agricultural producers in identified geographical areas could access it. These restrictions reflect the uneasiness the Government evidently felt about introducing a program for low-skilled temporary migration. These concerns were somewhat warranted, with the reaction to the program reflecting substantial resistance to its introduction. Not surprisingly, given the origin of the workers and the type of work they were going to undertake, some critics highlighted the exploitation of the kanakas in the eighteenth century.<sup>80</sup> On the other hand, other critics pointed to the number of jobless in Australia who could be employed instead.<sup>81</sup>

It is notable that although there are many similarities between the 457 visa and the scheme for Pacific Islanders, the Government has clearly kept them

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<sup>78</sup> Tony Burke, "Horticulture industry Pacific seasonal worker pilot scheme," *Minister for Agriculture, Fisheries and Forestry* (17 August 2008) <[http://www.maff.gov.au/media/media\\_releases/2008/august\\_2008/horticulture\\_industry\\_pacific\\_seasonal\\_worker\\_pilot\\_scheme](http://www.maff.gov.au/media/media_releases/2008/august_2008/horticulture_industry_pacific_seasonal_worker_pilot_scheme)> accessed 21 November 2009.

<sup>79</sup> Burke, "Horticulture industry Pacific seasonal worker pilot scheme"; Daniel Flitton, "For Australia foreign aid, like charity, begins close to home," *The Age*, 18 August 2008, p. 11; Alexandra Kirk, "Aid agencies want scheme to focus on women," *The World Today* (ABC Radio, 18 August 2008) <<http://www.abc.net.au/worldtoday/content/2008/s2338638.htm>> accessed 19 August 2008.

<sup>80</sup> Ben Doherty, "Schemes to import seasonal workers labour under a history of exploitation," *The Age*, 18 August 2008, p. 4; Michael Pascoe, "Guestworkers and the return of the Kanaka," *Crikey* (18 August 2008) <<http://www.crikey.com.au/2008/08/18/guestworkers-and-the-return-of-the-kanaka/>> accessed 18 August 2008.

<sup>81</sup> Robb quoted in Emma Macdonald, "Visas for Islanders to combat shortages," *The Canberra Times*, 18 August 2008, p. 3; Patricia Karvelas and Stuart Rintoul, "Call to cut dole if Aborigines won't work," *The Australian*, 21 August 2008, p. 1; Patricia Karvelas, "More fruitful to pick Aborigines: Mundine," *The Australian*, 19 August 2008, p. 10; Helen Hughes, "Jobs are right here for the picking," *The Courier-Mail*, 18 August 2008, p. 20.

separate. This is clear from an administrative perspective, with the Department of Employment responsible for the administration of the Pacific Islander program, not the Department of Immigration.<sup>82</sup> The position of the Australian Government appears to be that the temporary migration of high-skilled workers is positive, while that of low-skilled workers is something that should be avoided wherever possible. This is quite different to previous guest worker programs. Further, it is unlike many other current guest worker programs, particularly those in Asia and the Middle East, which focus primarily on low-skilled workers.<sup>83</sup>

Businesses are supportive of a program that allows them to import high-skilled workers and have continued to support the 457 visa program. However, while there have been calls for an expansion of the program to include lower-skilled workers, these have generally been ignored by the Government. If businesses were as powerful as globalists would lead us to believe, the Government would be forced to loosen the skill restrictions. As with the issue of the MSL, the Government has demonstrated that while it has granted some power to businesses under the 457 visa program, it continues to control whichever aspects of the program it believes are politically sensitive. Given the criticism voiced after the announcement of the guest worker program for Pacific Islanders, it is evident that allowing the migration of lower-skilled workers in the 457 visa program would be politically unpopular.

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<sup>82</sup> Chris Evans, "Visa for Pacific Island seasonal worker scheme," *Minister for Immigration and Citizenship* (23 September 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/ce08090.htm>> accessed 25 August 2010.

<sup>83</sup> Human Rights Watch, *Building Towers, Cheating Workers: Exploitation of Migrant Construction Workers in the United Arab Emirates* (November 2006) <<http://www.hrw.org/sites/default/files/reports/uae1106webwcover.pdf>> accessed 6 May 2010; Martin Ruhs and Philip Martin, "Numbers vs. Rights: Trade-Offs and Guest Worker Programs," *International Migration Review* 42, no. 1 (2008), p. 10; Piyasiri Wickramasekara, *Asian labour migration: Issues and challenges in an era of globalization*, International Migration Papers (Geneva: International Labour Office, 2002) <<http://193.134.194.11/public/english/protection/migrant/download/imp/imp57e.pdf>> accessed 25 August 2010.



One of the reasons that the Government may be concerned about the migration of lower-skilled workers is the perceived impact it would have on Australian workers. The 457 visa program has been promoted as providing labour for positions that are unable to be filled by Australian workers. This means businesses should employ domestic workers before those on 457 visas.<sup>84</sup> Such an argument is difficult to make for lower-skilled positions, particularly when unemployment exists in Australia and critics can argue, as they have, that Australians should be employed instead as they will have the requisite skills. On the other hand, it is easier to advocate the importation of high-skilled workers, as it can be argued that no Australian is qualified to undertake the role.

Although supporters of the program promote it as facilitating the migration of only the highly skilled, a significant proportion of 457 visa holders work in lower skilled positions.<sup>85</sup> Further, it is noticeable that the program has received the most criticism when the exploitation of lower skilled workers is exposed. Complaints have focused on the treatment of construction workers, chefs, farm workers and welders, rather than computer specialists and doctors.<sup>86</sup> An extension of the program to include those in even lower skilled

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<sup>84</sup> Shane Wright, Kim MacDonald, and Peter Klinger, "1 million 'to be out of work by 2010'," *The West Australian*, 23 October 2008, p. 1; Evans, "Access with integrity"; Chris Evans, "Big drop in temporary overseas workers," *Minister for Immigration and Citizenship* (12 August 2009) <<http://www.minister.immi.gov.au/media/media-releases/2009/ce09071.htm>> 10 February 2010; "Harsh times expose flaws in visa scheme," *The West Australian*, 27 October 2008, p. 20; Kim MacDonald, "Sack foreign workers before locals: unions," *The West Australian*, 25 October 2008, p. 4; "Govt urged to roll back 457 visa scheme," *ABC News* (23 October 2008) <<http://www.abc.net.au/news/stories/2008/10/23/2399729.htm?section=justin>> accessed 24 October 2008.

<sup>85</sup> It should also be noted that secondary 457 visa holders, which constitute approximately half of all 457 visas granted, have no restrictions on which jobs they may take, including extremely low-skilled positions.

<sup>86</sup> Mark David, "Foreign workers tell of exploitation by business," *PM* (ABC Radio, 19 July 2006) <<http://www.abc.net.au/pm/content/2006/s1691287.htm>> accessed 15 April 2010; Nick O'Malley, "Guest work job shut over safety," *The Age*, 4 September 2006, p. 4; Elisabeth Wynhausen, "Licence to fleece," *The Australian*, 27 October 2008, p. 7; Malcolm Knox, "Death in the outback," *The Age*, 28 August 2007, p. 9; Victor Violante, "Manuka restaurant exploited migrants," *Canberra Times*, 17 January 2007, p. 2; Victor Violante,

jobs may lead to further criticism of the program, and it is therefore understandable why the Government resists business pressure on this issue.

It is evident that using capitalism to analyse the 457 visa provides greater insights than doing so from the perspective of globalisation. Doing so demonstrates that although the program represents a change to Australia's migration program, it is not unprecedented as its basic operation is similar to that of previous guest worker programs. As is shown by the analyses of capitalism provided by Smith and Marx, capitalism has always had global ambitions, indicating that a program open to migrants from across the globe is consistent with capitalism. Finally, such an analysis provides a better understanding of the growing power of businesses and governments over not only 457 visa holders, but Australian workers as well.

### **Why “globalisation”?**

Nevertheless, while a broadly Marxist analysis of the 457 visa scheme appears to be superior, politicians and scholars continue to cite or infer the importance of globalisation as the rationale for its introduction. While globalisation may not be a useful concept through which to examine the 457 visa program, there are a number of political advantages in continuing to cite it as the reason for the program.

A statement such as Evans' that there is no “turning back,”<sup>87</sup> confirms Hirst and Thompson's proposition that globalisation is a concept that “robs us of hope.”<sup>88</sup> Due to the perceived dominance of the global market and international business, resistance to globalisation is seen as futile. This is supported by Conley, who argues that politicians use globalisation as an

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“Belconnen restaurant fined \$50,000 for underpayments,” *Canberra Times*, 3 February 2007, p. 2.

<sup>87</sup> Evans in Mares, “The immigration two-step.”

<sup>88</sup> Hirst and Thompson, *Globalization in Question*, p. 6.

excuse to implement unpopular policies.<sup>89</sup> Given the criticism the 457 visa program has received, it is quite possible that the Government has tried to reduce this by justifying the program's existence on the grounds of globalisation.

While globalists argue that resistance is futile in the face of globalisation, they also contend that any attempt to do so is a threat to the national economy. Such an argument was made against the union chief John Sutton who travelled to China as part of a campaign to highlight the exploitation of workers migrating as part of the 457 visa program. In response, Immigration Minister Vanstone accused him of “embarking on an international fear campaign” and “discrediting Australian industry overseas.”<sup>90</sup> Vanstone's argument was based on the belief that in a globalised world where capital can flow from one spot to another quickly and easily, the international reputation of a country is of utmost importance. If Sutton was successful in his campaign, Vanstone argued that it was not only the national economy that would suffer, but also “Australian companies and Australian workers.”<sup>91</sup> In addition to being a forlorn attempt to hold back the globalisation of the Australian economy, Sutton's campaign would damage the interests of those whom he was meant to be supporting – Australian workers.

Globalists also argue that by terminating such programs, the benefits of globalisation will also cease to flow to the population. The popular perception of globalisation is that it provides people with the opportunity to travel, to work overseas for major companies, to eat food from other countries and to

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<sup>89</sup> Tom Conley, “Globalisation as Constraint and Opportunity: Reconceptualising Policy Capacity in Australia,” *Global Society* 16, no. 4 (2002), p. 393.

<sup>90</sup> Nick O'Malley, “Guest workers warned of exploitation,” *The Sydney Morning Herald*, 8 December 2006, p. 8.

<sup>91</sup> Ibid.

use technology developed by multinational corporations.<sup>92</sup> To criticise the program is to argue against the process that delivers these benefits.

Due to the disagreement over its definition, globalisation can also be used to depict opponents in a negative light. This is particularly true in debates over migration. As noted in Chapter Six, the issue of immigration cuts across standard political constituencies. Because globalisation is meant to lead to a rise in cosmopolitanism, supporters of the program have been able to portray criticism of it as being a manifestation of xenophobic attitudes.

An example of this has been the representation of trade union concerns over the 457 visa scheme. Trade unions have been some of the most vocal critics of the program. An inquiry into the operation of the program in 2007 provided an opportunity for a number of unions to present their cases. In its submission, the ACTU (the peak organisation for Australian trade unions) outlined two major concerns. Firstly, the 457 visa program is used by employers to reduce their commitment to training Australians and disguise their underpayment of domestic workers. Secondly, there had been a number of instances where visa holders themselves had been mistreated by their employers.<sup>93</sup> As would be expected, many other unions cited similar concerns in their submissions to the inquiry.<sup>94</sup>

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<sup>92</sup> Andrew Bolt, "Open up and live," *Herald-Sun*, 2 August 2001, p. 19; Michele Lonsdale, "Globalisation: A Global Menace?," *The Age*, 1 May 2002, p. 8; Alexander Downer, "Globalisation or Globophobia: Does Australia have a choice?," *Minister for Foreign Affairs* (1 December 1997) <<http://pandora.nla.gov.au/pan/25167/20030602-0000/www.dfat.gov.au/media/speeches/foreign/1997/pressclub1dec97.html>> accessed 24 February 2010.

<sup>93</sup> Australian Council of Trade Unions, "Submission to the Joint Standing Committee on Migration Inquiry into Eligibility requirements and monitoring, enforcement and reporting arrangements for temporary business visas," *Parliament of Australia* (9 February 2007) <<http://www.aph.gov.au/house/committee/mig/457visas/subs/sub039.pdf>> accessed 4 May 2010, pp. 1-2.

<sup>94</sup> Australian Manufacturing Workers' Union, "Submission to the Joint Standing Committee on Migration Inquiry into Eligibility requirements and monitoring, enforcement and reporting arrangements for temporary business visas," *Parliament of Australia* (February 2007) <<http://www.aph.gov.au/house/committee/mig/457visas/subs/sub040.pdf>> accessed 13

Not surprisingly, the concern of trade unions was primarily about how the program facilitates the exploitation of workers by their bosses. However, this has been portrayed by their opponents as demonstrating nationalist, or even racist, sentiments. For example, it has been claimed that,

Whereas pre-Federation debate about the immigration of non-white workers was focused almost entirely on the economic effects such immigration would have, there is, in the current debate, a sensationalist – clearly political – tint of the rhetoric that has racist undertones.<sup>95</sup>

Such a statement compares union treatment of migrant workers in the late nineteenth century, such as the kanakas, to that suffered by 457 visa holders. As noted in Chapter Three, unions were opposed to the migration of kanakas, so much so that they explicitly excluded the membership of “Chinese, South Sea Islanders, Kanakas and Asiatics’ or ‘other coloured

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September 2007, p. 3; Communications, Electrical and Plumbing Union of Australia, “Submission to the Joint Standing Committee on Migration Inquiry into Eligibility requirements and monitoring, enforcement and reporting arrangements for temporary business visas,” *Parliament of Australia* (26 February 2007) <<http://www.aph.gov.au/house/committee/mig/457visas/subs/sub061.pdf>> accessed 4 May 2010, pp. 4-5; Community and Public Service Union, “Submission to the Joint Standing Committee on Migration Inquiry into Eligibility requirements and monitoring, enforcement and reporting arrangements for temporary business visas,” *Parliament of Australia* (2 February 2007) <<http://www.aph.gov.au/house/committee/mig/457visas/subs/sub032.pdf>> accessed 4 May 2010, p. 3; Construction, Forestry, Mining and Energy Union, “Submission to the Joint Standing Committee on Migration Inquiry into Eligibility requirements and monitoring, enforcement and reporting arrangements for temporary business visas,” *Parliament of Australia* (2 February 2007) <<http://www.aph.gov.au/house/committee/mig/457visas/subs/sub021.pdf>> accessed 13 September 2007, p. 4; Liquor, Hospitality and Miscellaneous Union, “Submission to the Joint Standing Committee on Migration Inquiry into Eligibility requirements and monitoring, enforcement and reporting arrangements for temporary business visas,” *Parliament of Australia* (2 February 2007) <<http://www.aph.gov.au/house/committee/mig/457visas/subs/sub020.pdf>> accessed 4 May 2010, pp. 2-3; Media, Entertainment and Arts Alliance, “Submission to the Joint Standing Committee on Migration Inquiry into Eligibility requirements and monitoring, enforcement and reporting arrangements for temporary business visas,” *Parliament of Australia* (February 2007) <<http://www.aph.gov.au/house/committee/mig/457visas/subs/sub055.pdf>> accessed 4 May 2010, p. 8.

<sup>95</sup> Joel Butler, “Reviving the White Australia Policy: The Labour Movement Returns to its Roots,” *Quadrant* 51, no. 3 (March 2007), p. 26.

aliens.”<sup>96</sup> In addition, the ALP (the political arm of the union movement) was a strong supporter of the *Immigration Restriction Act 1901*, which formed the basis of the White Australia Policy, because of its aim of maintaining “racial purity.”<sup>97</sup> Many of those who represented the working class at the time clearly held racist and xenophobic attitudes towards foreign workers. It is therefore surprising that someone would claim that the campaigns undertaken by today’s unions are similarly racist. Nevertheless, this statement demonstrates how easily opponents of trade unions and other critics of the program can portray such criticism as xenophobic and racist, rather than as a concern for the welfare of workers.

While it is unfair to describe many of the criticisms of the program as “appealing to the basest and most xenophobic instincts in Australian society,”<sup>98</sup> there have been instances where it appears warranted. For example, in 2006 the Labor Party, then in opposition, was accused of making comments that were “a fan to the racist fire.”<sup>99</sup> This was prompted by a statement by its immigration spokesperson, who when talking about the 457 visa program advised employers that if they had a vacancy they “ought to advertise it in Bendigo, Blacktown, Bankstown and Brisbane before you go off and advertise it in Beijing, Bombay and Beirut.”<sup>100</sup> In response, Immigration Minister Vanstone questioned why he had not mentioned “workers coming from Blackpool, Brighton and Bristol.”<sup>101</sup> She posited that Labor viewed “foreign” as a pejorative term, and that “some workers are

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<sup>96</sup> O'Donnell and Mitchell, *Immigrant Labour in Australia: The Regulatory Framework*, p. 21.

<sup>97</sup> Macintyre, *A Concise History of Australia*, p. 143.

<sup>98</sup> Butler, “Reviving the White Australia Policy,” p. 29.

<sup>99</sup> Amanda Vanstone, “Beazley's resort to using the race card a failure of leadership,” *The Age*, 14 September 2006, p. 15.

<sup>100</sup> Burke in House of Representatives, “Official Hansard,” *Parliament of Australia* (1 March 2006) <<http://www.aph.gov.au/hansard/rep/daily/dr010306.pdf>> accessed 23 November 2009, p. 92.

<sup>101</sup> Vanstone in Senate, “Official Hansard,” *Parliament of Australia* (27 March 2006) <<http://www.aph.gov.au/hansard/senate/dailys/ds270306.pdf>> accessed 23 November 2009, p. 4.

more foreign than others,”<sup>102</sup> highlighting Labor’s reference to workers from countries that were not traditional sources of migration to Australia.

In many ways, the Government’s attack on the Labor Party was correct. As noted in Chapter Four, the UK is the largest source of 457 visa holders. In 2005-06 when Burke made his statement, 25 per cent of all 457 visa holders were from the United Kingdom. In comparison, China contributed 5 per cent, India 10 per cent, and Lebanon only 0.3 per cent.<sup>103</sup> In other words, more workers came to Australian from the UK than the three countries implied by Labor’s statement combined.

What these examples demonstrate is that by accepting the argument that globalisation is the reason for the 457 visa program, critics can easily be portrayed as xenophobic (something that has been true in some instances). If they had based their opposition to it on class rather than nationalist, xenophobic, or even surreptitiously racist grounds, the arguments against them would have had less resonance. Instead, criticism of the 457 visa program is portrayed as objection to globalisation and a cosmopolitan view of the world. This was a particularly useful tool against those who can be broadly defined as being on ‘the Left,’ who support workers in their struggles against their bosses, but also support the rights of migrants.

While claims that the 457 visa program is a response to globalisation imply resistance is not only extremely difficult but also futile, they also disguise a significant shift in power. According to popular perceptions of globalisation, it will lead to a transfer of power from governments to businesses. However, as was shown in Chapters Six and Seven, this is not the case with the 457 visa program. This is not to deny the substantial power the business community has because of the program. Members have played a central role in many of

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<sup>102</sup> Vanstone, “Beazley’s resort to using the race card a failure of leadership.”

<sup>103</sup> Data on 457 visa provided to author by Department of Immigration and Citizenship.

the inquiries undertaken and individual businesses have input into decisions over who is permitted to be in the country. However, to conclude that this indicates a significant shift in power is to overestimate the change. Although the business community has been central to the development of much of the program, it has only been able to do this within the broad parameters set by the Government. Further, while they have input into the granting of visas, the final decision continues to rest with the Government. In fact, the Government has the power to prevent particular businesses from participating in the program.

Nevertheless, the use of globalisation as a rationale for the program and descriptions like “market driven”<sup>104</sup> imply a decline in government control. This perception has political advantages. In particular, if a government is no longer seen as being responsible for the operation of a program, the public is less likely to hold them accountable. Former Prime Minister Paul Keating noted this when discussing his Government’s deregulation of the industrial relations system: “The Government doesn’t take the rap because this is a system where it’s all up to the participants.”<sup>105</sup> Such changes are consistent with Keating’s “pro-globalisation”<sup>106</sup> stance, which also led to the commissioning of the Roach Inquiry and the subsequent introduction of the 457 visa. There are also similarities between a deregulated industrial relations system and the 457 visa program. Significantly, both systems are meant to operate with a minimum of government interference. The perception of the 457 visa program is that decisions about who can participate and the number of migrants involved are made by business. This has meant that if the general public believe that too many 457 visas are being granted and such workers are

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<sup>104</sup> Paul Maley, “Abuses of 457 scheme multiplying,” *The Australian*, 2 December 2008, p. 6; Hugo, “Globalization and Changes in Australian International Migration,” p. 113.

<sup>105</sup> Keating in Tom Conley, “Globalisation and the Politics of Persuasion and Coercion,” *Australian Journal of Social Issues* 39, no. 2 (2004), p. 193.

<sup>106</sup> Ashley Lavell, “Labor and globalisation: from Keating to Latham,” *Australian Journal of Political Science* 40, no. 1 (2005), pp. 53-54.



taking jobs from Australians, businesses are blamed. This was demonstrated during the economic downturn in 2008, when many people blamed employers when Australian workers were retrenched while 457 visa holders remained employed.<sup>107</sup> To reinforce the image that it has little control over the employment of 457 visa holders, the Government has released statements warning businesses that priority should be given to Australian workers, but making it clear that it had little power to enforce such requests.<sup>108</sup>

However, this is not to say that the Government wants to claim that it has removed itself completely from the operation of the 457 visa program, or similarly, industrial relations. As noted above, the Australian electorate has an expectation that the Government has some capacity to prevent businesses from exploiting their workers too much. Although Keating believed the Government would not “take the rap” under his industrial relations system, the defeat of the Howard Government in 2007 shows that governments can remove themselves too far from the operation of programs. The aim of the Government therefore appears to be to find the balance whereby they are not blamed for each instance of exploitation or mistreatment but are still seen as controlling the overall parameters under which the program operates and having the ability to play a role when necessary.

While globalisation has allowed the Government to escape some responsibility for the operation of the program, it has also disguised the significant increase in power that employers have over their workers. The

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<sup>107</sup> “Harsh times expose flaws in visa scheme”; Wright, MacDonald, and Klinger, “1 million ‘to be out of work by 2010’.”

<sup>108</sup> Chris Evans, “Meat industry should source local labour first,” *Minister for Immigration and Citizenship* (12 March 2009) <<http://www.minister.immi.gov.au/media/media-releases/2009/ce09028.htm>> accessed 10 February 2010; Chris Evans, “Meat industry warned over foreign labour,” *Minister for Immigration and Citizenship* (22 September 2008) <<http://www.minister.immi.gov.au/media/media-releases/2008/ce08089.htm>> accessed 25 August 2010; Chris Evans, “Overseas workers to supplement not replace local work force,” *Minister for Immigration and Citizenship* (30 July 2009) <<http://www.minister.immi.gov.au/media/media-releases/2009/ce09068.htm>> accessed 31 July 2009.

bonded nature of labour under the 457 visa program means the visa holders themselves are in a position whereby their future in Australia is controlled by their employer. As previously shown, these workers are unable to raise concerns over their treatment for fear of being dismissed and their visa cancelled.

Although some of the most serious and egregious instances of exploitation and abuse of 457 visa holders have been made public, there has been much less discussion of the effect of the program on Australian workers. As noted above, employers can use the threat of importing 457 visa holders as a threat to weaken the bargaining position of workers and unions. By using globalisation as the rationale for the introduction of the 457 visa program, supporters are stating that Australians must now compete with foreign workers because of the development of a global economy. This is a similar argument to that made by businesses throughout the 1990s and at the turn of the century: if employers and their representatives did not accept the conditions on offer, they would be forced to move operations to another country.

Globalisation therefore increases the power of businesses in negotiations with workers. However, it is notable that threats to move operations to another country are only useful in some industries. Data shows that such threats were used in 62 per cent of cases in mobile industries, such as manufacturing, but by only 36 per cent of cases in immobile industries, such as construction, retail, health care and educational services.<sup>109</sup> Employers in these immobile industries evidently recognised that such threats were less credible coming from them as it was difficult to move their operations. However, this is not an issue for Australian employers in these immobile industries who wish to import 457 visa holders. Rather than having to move where the labour is, the program allows them to bring the labour to them, meaning that a similar

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<sup>109</sup> Ibid., p. 8. For a survey of the data for all industries, see Table 4, p. 39.

threat can be made. The popularity of 457 visas in immobile industries, which are unable to state credibly that they will move operations overseas, highlights just how plausible these threats are. In 2008-09, the health care and construction industries were the two biggest users of 457 visa holders (18.7 per cent and 10.9 per cent respectively).<sup>110</sup>

Given all industries are able to use the 457 visa to import staff, this type of threat has widespread repercussions. In particular, it can lead to a belief that migrant workers are taking jobs away from Australian workers.<sup>111</sup> Claims that everybody is now part of a global labour market mean that workers are expected to accept that they must now compete with workers from other countries. However, as shown in Chapter Five, although globalisation should lead to an increase in cosmopolitanism, the opposite is true for the 457 visa program. What has developed is a divide between Australian workers and 457 visa holders. From an anti-capitalist perspective, this is not surprising. Marx believes that one of the essential roles of the industrial reserve army is to divide the working class between those who have a job and those who do not. This leads to competition between the two groups for jobs, and a reduction in the wages and conditions that employers must offer in order to attract workers.<sup>112</sup>

Although the existence of potential 457 visa holders significantly reduces the bargaining position of workers, it is unfair to place responsibility for this on the individuals. Attempts to blame 457 visa holders for taking the jobs of Australians or reducing their wages, fail to acknowledge the central role of an industrial reserve army of labour in capitalism. As noted above, the process of

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<sup>110</sup> Department of Immigration and Citizenship, "Subclass 457 Business (Long Stay) State/Territory Summary Report: 2008/09," Table 1.10, p. 7.

<sup>111</sup> For example, see John Masanauskas, "Aussie jobs go to the world," *Herald-Sun*, 20 February 2006, p. 9; Simon Benson, "Sydney jobs for Japanese: Finance giant flies in cheap call centre workers," *The Daily Telegraph*, 29 September 2006, p. 1.

<sup>112</sup> Marx, *Capital*, Vol. 1, p. 790.

capital accumulation requires an industrial reserve army. Rather than blaming 457 visa holders for reducing working conditions or taking jobs, critics should acknowledge that such an outcome is inherent in any program based on capitalism. As Crouch has noted,

The reserve army of labour is intrinsic to capitalism. It is part and parcel of the system, wired into it from its very birth - and not something created by immigration. By its very nature capitalism pits workers against each other, forcing them to compete for jobs and money, rather than cooperating for the common good.<sup>113</sup>

He goes on to note that if we are to blame immigrants for lowering wages, then the unemployed, whatever their nationality, should also be blamed because they are doing the same.<sup>114</sup> As outlined above, although they may be portrayed as different to Australian workers, 457 visa holders suffer from the same exploitation that all workers do in capitalism.

It can therefore be seen that although the concept of globalisation does not provide many useful insights into the operation of the 457 visa scheme, invoking it does provide a number of political benefits to the Government and other supporters of the program.

## **Conclusion**

The 457 visa program continues to be linked with the globalisation of the world economy. There is a kernel of truth to these claims, but the evidence presented throughout this thesis has shown that they are often overstated. Given this supports the sceptics' view that globalisation is an ideological construct with little explanatory value, another concept is needed to examine the program. Many sceptics have argued that what is commonly seen as globalisation is actually capitalism, and therefore it makes more sense to

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<sup>113</sup> Dave Crouch, "Immigration: Do Immigrants Lower Wages," *Socialist Review* (December 2006) <<http://www.socialistreview.org.uk/article.php?articlenumber=9895>> accessed 11 April 2008.

<sup>114</sup> Ibid.

analyse the program from a Marxist perspective of class struggle. In addition, such an analysis is consistent with the 457 visa program where the core relationship is that between sponsor and visa holder.

Analysing the 457 visa program from such a perspective reveals a number of important insights. The exploitation of 457 visa holders is shown to be the result of the basic capitalist employment relationship between worker and employer, although it is magnified by the requirement of the visa holder to maintain this relationship in order to keep their visa. Further, Marx's concept of an industrial reserve army of labour is central to the rationale for the program. While a number of politicians have cited globalisation, Vanstone's statement that the program "opens up the industry to other pools of employees, which undermines the unions' ability to exploit high wages amid the skills shortage,"<sup>115</sup> confirms the importance of 457 visa holders as a source of surplus labour for businesses. Lastly, the Government's resistance to calls from businesses to adjust the program to allow the migration of lower skilled workers and the payment of lower wages is confirmation that it still maintains considerable power over its operation.

Recognising that globalisation does not fully explain the introduction and operation of the 457 visa program also raises the question of why the concept has been used by so many analysts and politicians to explain the program. Again, this examination supports the claims of sceptics such as Hirst and Thompson who believe globalisation "robs us of hope."<sup>116</sup> Due to the unstoppable nature of globalisation, supporters of the process argue that there is nothing that we can do to prevent it. The introduction of the 457 visa program is therefore portrayed as inevitable. In addition, criticism of the program has been portrayed as xenophobic, a risk to the Australian economy

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<sup>115</sup> Vanstone in Shaw, "Guest workers cut wages: Vanstone."

<sup>116</sup> Hirst and Thompson, *Globalization in Question*, p. 6.

and an attempt to prevent the Australian public from benefiting from ‘globalisation’.

While globalisation is expected to lead to a shift in power from governments to businesses, it has actually disguised the increasing power of both groups. Employers have access to a wider source of surplus labour that they can use to reject workers’ claims for improved conditions and the Government has a program that delivers what it has described as the “perfect migrant.”<sup>117</sup> In addition, the power of these two groups is amplified by the divisions within the working class that the program creates. Australian workers view 457 visa holders as taking their jobs, rather than recognising that an industrial reserve army is intrinsic to capitalism.

Globalisation may not explain many of the developments associated with the 457 visa program, but substantial political benefits arise from claims that it does. Viewing the program as arising from capitalism and the class struggle that this entails allows us to understand the reasons that the Government and business community both strongly support its continued operation. Further, this shows that in contrast to the claims of Hugo, the program does not represent a “paradigmatic shift” in migration.<sup>118</sup> As shown earlier in this thesis, the 457 visa program is fundamentally similar to previous guest worker programs, and the work of Nikolinakos and Castells in the 1970s has already demonstrated the relevance of a Marxist analysis to such programs. Through such an analysis, it can be seen that such programs, including the 457 visa program, are another means by which the capitalist class and the state can exploit and control the working class.

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<sup>117</sup> Evans in Senate Legal and Constitutional Legislation Committee, “Official Hansard,” (27 May 2009), p. 80.

<sup>118</sup> “Globalization and Changes in Australian International Migration,” p. 107.

## Conclusion

In 1986 one of the world's leading migration scholars wrote an "obituary" for guest workers, noting that "the guest-workers systems of Western Europe are dead... The guest-workers are no longer with us."<sup>1</sup> Having studied various European programs that existed after the Second World War, including the *Gastarbeiter* program in Germany, Castles believed that the downturn in the world economy that occurred in the mid-1970s led Western European Governments to dismantle their temporary labour migration programs. Although this study concentrated on European programs, Castles acknowledged that guest worker programs continued to operate in the developing world, particularly the Middle East, but he believed that in the long-term this migration will "shift towards settlement in time."<sup>2</sup>

Twenty years later Castles reflected on this piece, wondering whether programs and proposals in Western Europe now meant the guest worker was experiencing a "resurrection."<sup>3</sup> However, he found "such a conclusion would be both simplistic and misleading" because the modern programs concentrate on the migration of the highly-skilled, rather than the lower-skilled migrants of the post-Second World War programs.<sup>4</sup> Although there were a number of reasons for this development, Castles highlighted one as particularly notable:

the realization that developed countries could not export all low-skilled work to low-wage countries. The manufacture of cars, computers, and clothing could be shifted to China, Brazil, or Malaysia, but the construction industry, hotels, restaurants, and hospitals had to be where their customers lived.<sup>5</sup>

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<sup>1</sup> Stephen Castles, "The Guest-Worker in Western Europe - An Obituary," *International Migration Review* 20, no. 4 (December 1, 1986), p. 775.

<sup>2</sup> Ibid., p. 777.

<sup>3</sup> Stephen Castles, "Guestworkers in Europe: A Resurrection?," *International Migration Review* 40, no. 4 (2006), pp. 741-766.

<sup>4</sup> Ibid., p. 760.

<sup>5</sup> Ibid., p. 745.

Although not explicitly noted in this description, Castles is clearly referring to the role of globalisation and how its impact on the world economy has led to the need for these new guest worker programs.<sup>6</sup> The popular view of globalisation as allowing companies to shift production to developing countries has benefited manufacturers in mobile industries, but temporary labour migrants are needed to give businesses in immobile industries the same opportunities.

While Castles does not mention Australia's 457 visa program, there is little doubt that it is the type of scheme to which he is referring. Introduced in 1996, so midway between Castles' two articles, the program allows migrants to come to Australia for work in specified positions for periods of between three months and four years. Participation is based on the worker having an employment contract with an eligible employer, which, if broken by any party, means that the visa holder is required to find a new employer or leave the country within 28 days. Government regulations also govern minimum skill levels and salaries that positions to be filled by 457 visa holders must meet.

Interest in the program has primarily centred on two aspects: the mistreatment of some 457 visa holders; and the increasing focus on temporary, rather than permanent, migration. A number of groups, in particular trade unions, have raised concerns about the potential for employers to exploit 457 visa holders because of the indentured nature of their employment. Publicised cases have ranged from the underpayment of workers, to physical abuse and kidnapping, to the deaths of some workers.<sup>7</sup>

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<sup>6</sup> Castles does explicitly note the role of globalisation later in the article, stating that the uneven development associated with it has been a major push factor in the migration of temporary labour migrants, see *Ibid.*, p. 746.

<sup>7</sup> Michael Bachelard, "Underpaid, sacked, evicted: guest workers who've had enough," *The Age*, 6 September 2006, p. 5; Victor Violante, "Belconnen restaurant fined \$50,000 for underpayments," *Canberra Times*, 3 February 2007, p. 2; Simon Kirby, "Guest worker compensated after assault, kidnap by boss," *Australian Associated Press General News*, 21 September 2007; Danielle Cronin, "Filipino worker says he was kidnapped," *The Canberra*



Although these cases may be due to the actions of rogue employers, the similarities between many of them suggest that such exploitation is inherent in the operation of the 457 visa program.

The quadrupling in the number of 457 visas granted between 1996-97 and 2008-09 is indicative of the growing popularity of the program.<sup>8</sup> Over the same period, permanent migration has only doubled in size,<sup>9</sup> leading to discussion of whether there has been a “shift” towards temporary migration.<sup>10</sup> A stronger claim has been advanced by Hugo, who asserts that this change is representative of a “paradigmatic shift,” which “has been largely a result of globalization and a response to it.”<sup>11</sup> In making this assertion, Hugo is claiming that not only has there been a shift, but there must also be a shift in how we analyse immigration.

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*Times*, 16 March 2006, p. 3; Matthew Moore, “A lonely death among the pines,” *The Sydney Morning Herald*, 29 August 2007, p. 8; Malcolm Knox, “Death in the outback,” *The Age*, 28 August 2007, p. 9; Yuko Narushima, “Migrant worker died on job, union says,” *The Sydney Morning Herald*, 11 November 2008, p. 7.

<sup>8</sup> In 1996/97, 24,000 visas were granted, see Department of Immigration and Multicultural Affairs, “Program 2: Economic and Family Entry,” *Annual Report 1996/97* (1997) <<http://www.immi.gov.au/about/reports/annual/1996-97/html/prog2.htm>> accessed 19 October 2010 In 2008/09, 101,280 visas were granted, see Department of Immigration and Citizenship, “Subclass 457 Business (Long Stay) State/Territory Summary Report: 2008/09,” (2009) <<http://www.immi.gov.au/media/statistics/pdf/457-stats-state-territory-june09.pdf>> accessed 13 August 2009, Table 1.04, p. 3.

<sup>9</sup> Janet Phillips, Michael Klapdor, and Joanne Simon-Davies, *Migration to Australia since federation: A guide to the statistics*, Background Note (Canberra: Parliamentary Library, August 27, 2010) <<http://www.aph.gov.au/library/pubs/bn/sp/migrationPopulation.pdf>> accessed 11 October 2010, Table 1, p. 16.

<sup>10</sup> Peter Mares, “The permanent shift to temporary migration,” *Inside Story* (16 June 2009) <<http://inside.org.au/the-permanent-shift-to-temporary-migration/>> accessed 17 June 2009; Peter McDonald, Siew-Ean Khoo, and Rebecca Kippen, *Alternative Net Migration Estimates for Australia: Exploding the Myth of a Rapid Increase in Numbers*, Working Papers in Demography No. 89 (Demography and Sociology Program, Research School of Social Sciences: The Australian National University, September 2003) <<http://dspace.anu.edu.au/bitstream/1885/41502/4/89.pdf>> accessed 7 July 2010, p. 5; Joanna Howe, “New Australians come, earn and go,” *The Sydney Morning Herald*, 30 June 2010, p. 19.

<sup>11</sup> Graeme Hugo, “Globalization and Changes in Australian International Migration,” *Journal of Population Research* 23, no. 2 (2006), p. 107.

Although Hugo is at the forefront of those who cite the influence of globalisation on temporary labour migration, and in particular the 457 visa program, he is not the only one.<sup>12</sup> In addition, it has been noted a number of times in newspaper reports about the program.<sup>13</sup> Further, it is significant that the role of globalisation has been central to official Government explanations of the visa. It was cited as one of the major issues that led to the formation of the Roach Inquiry from which the 457 visa program originated,<sup>14</sup> and by Immigration Minister Ruddock when he launched the program in 1996.<sup>15</sup> Ruddock continued to make this link during his tenure as Minister for Immigration,<sup>16</sup> a tradition continued by Labor's Immigration Minister, Chris Evans.<sup>17</sup>

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<sup>12</sup> Bob Birrell and Ernest Healy, "Globalisation and Temporary Entry," *People and Place* 5, no. 4 (1997), pp. 43-52; Jock Collins, "Globalisation, Immigration and the Second Long Post-War Boom in Australia," *Journal of Australian Political Economy* 61 (2008), pp. 244-266; Stuart Rosewarne, "Globalization, Migration, and Labor Market Formation - Labor's Challenge?," *Capitalism Nature Socialism* 13, no. 3 (2001), pp. 71-84.

<sup>13</sup> Andrea Lunt, "Working to see the world," *The Courier-Mail*, 5 August 2006, p. E08; Mike Steketee, "Money rules migration policy, with fewer here to settle down - The Cultural Divide," *The Australian*, 7 May 2002, p. 14; "Growing mobile workforce has world at its feet," *The West Australian*, 2 April 2008, p. 50; Victoria Laurie, "Free trade in cheap labour," *The Australian*, 11 March 2006, p. 24; James Riley, "Temp worker brawl brews," *The Australian*, 14 December 2004, p. 29.

<sup>14</sup> Committee of Inquiry into the Temporary Entry of Business People and Highly Skilled Specialists, *Business Temporary Entry*, p. 1.

<sup>15</sup> Philip Ruddock, "Streamlined Temporary Business Entry Approved," *Minister for Immigration and Multicultural and Indigenous Affairs* (5 June 1996)  
<<http://pandora.nla.gov.au/pan/67564/20070202-0000/www.minister.immi.gov.au/media/media-releases/1996/r96021.html>> accessed 22 February 2010.

<sup>16</sup> Philip Ruddock, "Review of Temporary Residence Visas," *Minister for Immigration and Multicultural and Indigenous Affairs* (4 July 2000)  
<<http://pandora.nla.gov.au/pan/67564/20070202-0000/www.minister.immi.gov.au/media/media-releases/2000/r00072.html>> accessed 22 February 2010.

<sup>17</sup> Chris Evans, "Sustaining the boom - the role of skilled migration in the WA economy," *Minister for Immigration and Citizenship* (17 June 2008)  
<<http://www.minister.immi.gov.au/media/speeches/2008/ce080717.htm>> accessed 13 August 2008; Evans in Peter Mares, "The immigration two-step," *The National Interest* (ABC Radio, 3 July 2009)  
<<http://www.abc.net.au/rn/nationalinterest/stories/2009/2616441.htm#transcript>> accessed 10 July 2009.

Globalisation's role in the development of the 457 visa program has therefore been widely cited by scholars, journalists and politicians. This thesis examines these claims to determine whether globalisation has affected the development and operation of the 457 visa program.

However, while globalisation has been analysed by a variety of writers, it continues to be a contentious topic. In addition to the debate between its supporters and opponents, a third group, the sceptics, raise questions over its importance and value as a concept through which to analyse changes. The majority of sceptics believe globalisation is at least in part an ideological construct, used by powerful groups in society as a tool to impose unpopular policies and programs. Considering the questions they raise over the validity of globalisation, claims that it is the reason for the introduction of the 457 visa program, and therefore the best theoretical perspective through which to analyse it, must be examined.

In their seminal sceptical text, *Globalization in Question*, Hirst and Thompson claim that globalists make five main assertions regarding globalisation.<sup>18</sup> Evidence presented by Hirst and Thompson demonstrates that those who make these claims have exaggerated its influence.<sup>19</sup> Inspired by this investigation, this thesis has established five criteria to examine the role of globalisation in the 457 visa program: the program is unprecedented; visa holders are a reflection of a global labour market; it reduces the influence of an Australian identity; it represents a reduction in the role of the State; and an increase in the power of business. Each of these has been examined in Chapters Three to Seven. In results similar to those presented by Hirst and Thompson, it has been shown that claims the 457 visa program "was a direct

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<sup>18</sup> Hirst and Thompson, *Globalization in Question*, pp. 2-3.

<sup>19</sup> *Ibid.*, p. 6.

response to changing global labour markets and globalization processes” are overstated.<sup>20</sup>

The increased interest in globalisation in the 1990s and early 2000s was due, in part, to a belief that it heralded a new paradigm through which to view society.<sup>21</sup> Although globalists disagree on the timing of its beginning, they see it as an unprecedented process. Analyses of the relationship between the 457 visa program and globalisation often rely on the unprecedented nature of both to demonstrate the link. In particular, Hugo notes that “globalization produced a paradigmatic shift” in migration to Australia causing a “major transformation” in the early 1990s.<sup>22</sup> It is clear that he believes the concurrent development of the 457 visa program and globalization is evidence of their relationship.

The 457 visa program did not exist prior to 1996 and in this sense it is unprecedented. However, there were a number of visas that allowed the temporary migration of workers to Australia. In 1993-94 only 13,067 such visas were issued.<sup>23</sup> By the turn of the century 31,070 457 visas were issued annually,<sup>24</sup> and by 2008-09 over 100,000 were issued<sup>25</sup> – a very significant increase.

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<sup>20</sup> Hugo, “Globalization and Changes in Australian International Migration,” p. 118.

<sup>21</sup> Jan Aart Scholte, “Globalisation: Prospects for a Paradigm Shift,” in *Politics and globalisation: knowledge, ethics and agency*, ed. Martin Shaw (London: Routledge, 1999), pp. 9-22; Philip C. Cerny, “Globalization and other stories: the search for a new paradigm for international relations,” *International Journal* 51, no. 4 (Autumn 1996), pp. 617-637; James H. Mittelman, “Globalization: An Ascendant Paradigm?,” *International Studies Perspectives* 3 (2002), pp. 1-14.

<sup>22</sup> Hugo, “Globalization and Changes in Australian International Migration,” p. 107.

<sup>23</sup> Committee of Inquiry into the Temporary Entry of Business People and Highly Skilled Specialists, *Business Temporary Entry*, p. 20.

<sup>24</sup> Immigration and Multicultural Affairs Portfolio, “Answer to Question on Notice no. 53: Migration and Temporary Entry (number of long-stay visas from 1996 to 2004),” *Parliament of Australia* (22 May 2006)  
<[http://www.aph.gov.au/senate/committee/legcon\\_ctte/estimates/bud\\_0607/dimia/qon\\_53.pdf](http://www.aph.gov.au/senate/committee/legcon_ctte/estimates/bud_0607/dimia/qon_53.pdf)> accessed 6 September 2007.

However, that there has been growth in the number of visas issued is not evidence of globalisation, and nor does it indicate that the program is unprecedented. Hugo notes that the “paradigmatic shift” that he discusses is “the move away from the dictum which dominated post-war migration policy, that Australia eschewed temporary-worker migration in favour of permanent settlement.”<sup>26</sup> Data presented in Table 3.5 demonstrates that the introduction of the 457 visa program did not lead to an enduring and significant increase in the number of temporary work visas issued compared to permanent skilled migration. In fact, more 457 visas were granted as a proportion of permanent skilled migration, in 1996-97 than 2008-09. Further, the increase in the number of 457 visas issued only indicates a shift in Government policy; it does not show that there has been a change in the type of migration that individuals are seeking. Most view the visa as a means to achieving permanent residency in Australia.<sup>27</sup> Any such shift in the type of migration to Australia therefore appears to be based on the desires of the Government for temporary migration, rather than the wishes of migrant workers.

Further, Hugo’s contention is that the 457 visa program is evidence of a need to change how migration is analysed, arguing that old theories of migration are no longer relevant in a globalised world. This suggests the 457 visa program is significantly different to previous migration schemes. However, as was shown in Chapter Three, various elements of the Kanaka, *Bracero* and *Gastarbeiter* programs are repeated in the 457 visa. All programs have involved a worker migrating for a specified period to fill a particular position. If this position became superfluous, the worker was required to return home. Additionally, the 457 visa program is not significantly different in magnitude

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<sup>25</sup> Department of Immigration and Citizenship, “Subclass 457 Business (Long Stay) State/Territory Summary Report: 2008/09,” Table 1.04, p. 3.

<sup>26</sup> Hugo, “Globalization and Changes in Australian International Migration,” pp. 107-108.

<sup>27</sup> Khoo, McDonald, and Hugo, *Temporary Skilled Migrants in Australia: Employment Circumstances and Migration Outcomes*, Table 14.

than these other guest workers programs. When comparing the size of the 457 visa program to permanent migration, it is much smaller than the *Bracero* program that operated between Mexico and the US in the middle of the twentieth century and of a similar size to the German *Gastarbeiter* program.

Nevertheless, there is one significant difference between the 457 visa program and previous guest worker programs; citizens of any country are able to participate. Previous examples of temporary migration were restricted to people from a particular country or group of countries. Kanakas were from the Pacific Islands, only Mexicans could participate in the *Bracero* program, and migration as part of the *Gastarbeiter* program was restricted to workers from countries in southern and eastern Europe. In this sense, globalisation does appear to have influenced the development of the 457 visa program. However, an examination of the source of 457 visa holders shows that a few countries have dominated. In particular, migrants from the United Kingdom have represented over a quarter of all visas issued.<sup>28</sup> Significantly, although analysts often point to temporary migration as being the result of globalisation, a number of tests demonstrate that while it may be becoming more globalised, particularly when migration from developing countries is considered, Australia's permanent migration is more globalised than that which occurs as part of the 457 visa program. One potential explanation for why permanent migration may appear more globalised is the skill restrictions placed on temporary workers, which mean that citizens of particular countries with educational and linguistic similarities to Australia are over-represented. However, even when this is taken into account, and the origins of 457 visa holders are compared to those entering Australia on permanent skilled visas, data indicates the permanent migration system is more globalised.

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<sup>28</sup> Data provided to author by Department of Immigration and Citizenship. From 1996-97 to 2008-09, 371,020 primary 457 visas were issued, with 95,570 to citizens of the United Kingdom.

This move towards a global labour market and the migration of people from an increasing number of countries is also expected to have a significant impact on national identity and citizenship. One might anticipate that identification with, and membership of, a particular nation-state will become less important as international migration increases because of globalisation.<sup>29</sup>

As a program implemented in response to globalisation, it could be expected that the 457 visa program reflects a world view more towards Franz's "universalistic" end of the debate. However, the program actually perpetuates the opposite – seeing citizenship as “‘the property’ of those who own it”<sup>30</sup> – with the Immigration Minister noting that one of the major benefits of the program is that it allows the Government to trial potential migrants on a temporary basis before granting them permanent residency.<sup>31</sup> The Government, acting on behalf of the Australian people, have demonstrated ‘ownership’ over citizenship, and used the 457 visa program to decide who should be admitted. During their time as a 457 visa holder, so therefore prior to the decision about whether to grant them citizenship, they are never fully integrated into Australian society. The rules governing their stay mean that while they are accepted into the Australian ‘economic’ community as labour, they are not admitted into the Australian nation.

The growth of a global labour market and a universalistic or cosmopolitan view of citizenship and national identity are expected to lead to a reduction in the power and role of national governments. As a program implemented to

<sup>29</sup> Yasemin N. Soysal, *Limits of citizenship: migrants and postnational membership in Europe* (Chicago: University of Chicago, 1994); David Jacobson, *Rights across Borders: Immigration and the Decline of Citizenship* (Baltimore and London: John Hopkins University Press, 1996); Linda Bosniak, “Citizenship Denationalized,” *Indiana Journal of Global Legal Studies* 7, no. 2 (2000), pp. 447-509.

<sup>30</sup> Barbara Franz, “Guest Workers and Immigration Reform: The Rise of a New Feudalism in America?,” *New Political Science* 29, no. 3 (2007), pp. 349-350.

<sup>31</sup> Senate Legal and Constitutional Legislation Committee, “Official Committee Hansard: Budget Estimates,” *Parliament of Australia* (27 May 2009) <<http://www.aph.gov.au/hansard/senate/committee/S12041.pdf>> accessed 23 November 2009, p. 80.

respond to globalisation, one would expect that the 457 visa program reflects a decline in the power of the Australian Government. Of particular interest in relation to a migration program is the ability of the Government to control entry to a country. Both major political parties in Australia agree that this continues to be a primary role of national government,<sup>32</sup> but in relation to the 457 visa program they often claim that because the program is uncapped and demand driven, it is out of their control.<sup>33</sup>

However, as shown in Chapter Six, although the Government does not control the exact number of visas issued each year, by establishing eligibility requirements it has a strong influence over this. Further, it has maintained control over the minimum working conditions, and has demonstrated its power over individual employers by banning them from participating in the program due to their mistreatment of workers. Lastly, while representatives of the business community have been involved in inquiries into the design and operation of the program, the Government has maintained control of these by establishing the terms of reference and has disregarded recommendations that it did not agree with. Claims by the Government that it exerts little control over the operation of the 457 visa program confirm the

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<sup>32</sup> John Howard, "Transcript of Address at the Federal Liberal Party Campaign Launch, Sydney," *Prime Minister* (28 October 2001) <<http://pandora.nla.gov.au/pan/10052/20080118-1528/pm.gov.au/media/Speech/2001/speech1311.html>> accessed 3 February 2010; Evans in "Seeking Asylum," *Insight* (SBS, 15 May 2009) <<http://news.sbs.com.au/insight/episode/index/id/66#>> accessed 20 May 2009.

<sup>33</sup> Ruddock in Senate, "Official Hansard," *Parliament of Australia* (27 February 2006) <<http://www.aph.gov.au/hansard/senate/dailys/ds270206.pdf>> accessed 7 February 2008, p. 86; Chris Evans, "Government releases draft employer obligations for overseas workers," *Minister for Immigration and Citizenship* (12 February 2009) <<http://www.minister.immi.gov.au/media/media-releases/2009/ce09017.htm>> accessed 12 February 2009; Evans in Senate Standing Committee on Legal and Constitutional Affairs, "Official Committee Hansard: Supplementary Budget Estimates," *Parliament of Australia* (21 October 2008) <<http://www.aph.gov.au/hansard/senate/commtee/S11352.pdf>> accessed 31 October 2008, p. 26.



thesis proposed by Conley that politicians use globalisation as an excuse for why unpopular policies must be implemented.<sup>34</sup>

This decline in government power is expected to lead to an increase in the power of the business community, and transnational corporations in particular. This power arises from their ability to move between countries in search of the most profit-conducive conditions. Accordingly, governments now compete with each other to attract businesses to their country, often by reducing taxes and employment regulations. Critics of the process highlight how this has led to the exploitation of workers,<sup>35</sup> while supporters argue that the deregulation of the economy leads to greater efficiency and a better standard of living for all citizens.<sup>36</sup> Although the Government does control many of the regulations governing the 457 visa program, it is also evident that business has an important role in selecting potential visa holders and has been involved in decisions about the structure of the program. Nevertheless, it is an overstatement to claim that significant power has shifted from the Government to the business community. The Government establishes the broad parameters governing how the program operates, providing an example of Weiss' "governed interdependence."<sup>37</sup>

While there has not been a substantial shift in power from Government to businesses due to the 457 visa program, this overlooks the increase in power that employers have gained over employees. The importance of the relationship between the sponsoring employer and the 457 visa holder means that these migrant workers are much more likely to be subservient to their boss than a standard worker. In addition to risking their job if they speak out

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<sup>34</sup> Tom Conley, "Globalisation as Constraint and Opportunity: Reconceptualising Policy Capacity in Australia," *Global Society* 16, no. 4 (2002), p. 6; Hirst and Thompson, *Globalization in Question*.

<sup>35</sup> Klein, *No Logo*; Monbiot, *The Age of Consent*.

<sup>36</sup> Norberg, *In Defence of Global Capitalism*; Friedman, *The Lexus and the Olive Tree*; Wolf, *Why Globalization Works*.

<sup>37</sup> Weiss, *The Myth of the Powerless State: Governing the Economy in a Global Era*, p. 27.

about exploitation, 457 visa holders also jeopardise their right to remain in Australia. The 457 visa program also empowers employers in workplace negotiations with all workers, as they are able to use the threat of imported labour to ensure that domestic workers and their representatives are unable to gain significant concessions. This is similar to the case of businesses threatening workers with moving their operations overseas, but it is an option for all businesses, including those who are relatively immobile and cannot therefore credibly threaten to move overseas.

The evidence presented in these chapters shows that there is some truth to each of the claims. There has been a growth in the number of 457 visas granted, with the number of temporary labour migrants in Australia now higher than in the late 1980s and early 1990s. The program is also open to citizens of all countries, in contrast to previous guest worker programs that were arrangements between a small number of countries. By allowing this growing number of migrants from a variety of different countries, the program does encourage a much more cosmopolitan view of the world. Finally, the move towards a demand driven program has meant that the Government has had less input into who gains a visa, with the business community taking a much more central role. However, what is evident is that although all of this is true, a more considered analysis demonstrates that many of the expectations of globalists are not confirmed by the 457 visa program.

These findings support the sceptical view that globalists overstate the impact of globalisation. While there is some truth to their claims, suggestions that globalisation has caused a “paradigmatic shift”<sup>38</sup> in international migration that resulted in the 457 visa program are an exaggeration. Further, by invoking globalisation as the reason for the scheme, supporters make it difficult to argue against a program that is a requirement in the “new global

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<sup>38</sup> Hugo, “Globalization and Changes in Australian International Migration,” p. 107.

economy.”<sup>39</sup> Doing so is portrayed as threatening the Australian economy, the lifestyles of Australians and is, in the end, futile. To quote Hirst and Thompson, globalisation “robs us of hope;” it is an unstoppable force that cannot be resisted.<sup>40</sup>

However, this is only the case if globalisation is accepted as the reason for the introduction and operation of the 457 visa program. As shown, the evidence does not support this assumption. Taking inspiration from globalisation’s sceptics, an analysis of the 457 visa program as a response to capitalism, rather than globalisation, provides a number of insights. It shows that the exploitation of workers is an expected outcome of any relationship between a worker and employer, and definitely so for one which is as unbalanced as that institutionalised by the 457 visa program. Further, the program affects the conditions of other workers. By viewing the 457 visa program as a means by which employers are able to access a wider industrial reserve army, it becomes obvious that they use the threat of importing guest workers to ensure that workers and their representatives are unable to achieve significant improvements in working conditions.

The industrial reserve army therefore provides a useful tool for businesses to restrict wage increases. By threatening to import migrant workers, businesses are able to cause divisions within the working class. Marx argues that to counter this tactic, the working class should “organize planned co-operation between the employed and the unemployed in order to obviate or to weaken the ruinous effects of this natural law of capitalist production on their class.”<sup>41</sup> Further, he acknowledges that business and its supporters will “cry

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<sup>39</sup> Siew-Ean Khoo, Graeme Hugo, and Peter McDonald, “Which Skilled Temporary Migrants Become Permanent Residents and Why?,” *International Migration Review* 42, no. 1 (2008), p. 198; Siew-Ean Khoo et al., “A Global Labor Market: Factors Motivating the Sponsorship and Temporary Migration of Skilled Workers to Australia,” *International Migration Review* 41, no. 2 (2007), p. 483.

<sup>40</sup> Hirst and Thompson, *Globalization in Question*, p. 6.

<sup>41</sup> Marx, *Capital*, Vol. 1, p. 793.

out at the infringement of the ‘eternal’ and so to speak ‘sacred’ law of supply and demand.”<sup>42</sup> Both of these statements pre-empt Milton Friedman’s argument that trade unions and minimum wage laws will increase the ‘natural’ rate of unemployment because they distort the operation of the labour market.<sup>43</sup>

Such a solution, based on working class solidarity, can be applied to the exploitation of workers under the 457 visa program. In Britain, it has been suggested that “unity between British and immigrant workers” is called for to ensure that neither group is exploited by British business.<sup>44</sup> There have been some examples of Australian unions attempting to work in solidarity with trade unions in other countries. For example, the National Secretary of the Construction, Forestry, Mining and Energy Union, John Sutton, outlined his concerns about the potential exploitation of 457 visa holders in an address to the All China Federation of Trade Unions in 2006.<sup>45</sup> However, this does not appear to be nearly widespread enough.

Understanding that the program is based on the principles of capitalism, rather than globalisation, means strategies to prevent the exploitation of visa holders can be developed by building on previous challenges to capitalist hegemony. In particular, it becomes evident that global working class solidarity is an important goal. Such solidarity has long been an aim of socialists. Marx and Engels famously called on “Working Men of All Countries, Unite!”<sup>46</sup> Similarly, Rocker has noted that,

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<sup>42</sup> Ibid.

<sup>43</sup> Milton Friedman, “The Role of Monetary Policy,” *The American Economic Review* 58, no. 1 (March 1968), p. 9.

<sup>44</sup> Dave Crouch, “Immigration: Do Immigrants Lower Wages,” *Socialist Review* (December 2006) <<http://www.socialistreview.org.uk/article.php?articlenumber=9895>> accessed 11 April 2008.

<sup>45</sup> Nick O'Malley, “Guest workers warned of exploitation,” *The Sydney Morning Herald*, 8 December 2006, p. 8.

<sup>46</sup> Marx and Engels, *The Communist Manifesto* [1848], p. 121.

It is by no means an exaggeration to maintain that between the working populations of different nations there is a greater community of general habits and customs than between the possessing and the non-possessing sections of the same nation. A worker who finds himself in a foreign country will soon find his sphere among the members of his trade or class, while the doors of another social class are hermetically closed against him in his own country.<sup>47</sup>

Building such global solidarity relies on the understanding that the struggle to improve working conditions is not based on national class interests, but rather international ones. The industrial reserve army is a fundamental element of capitalism, without which capital accumulation would be limited.

Historically there have attempts to build such solidarity. The International Workingmen's Association is an example of a desire to bring about the changes that Marx and Engels outlined in the *Communist Manifesto* and unite the European working class.<sup>48</sup> Another attempt to do so was the establishment of the IWW. Founded in 1905, the IWW attempts to organize all workers into "One Big Union,"<sup>49</sup> and to create solidarity throughout the working class. By doing so, the divisions between the employed and unemployed, domestic and foreign, that employers use to foster suspicion and fear are removed. Outlining its commitment to the elimination of these divisions, the manifesto of the IWW states, "Workingmen [sic] bringing union cards from industrial unions in foreign countries should be freely admitted into the organization."<sup>50</sup>

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<sup>47</sup> Rocker, *Nationalism and Culture*, pp. 270-271.

<sup>48</sup> Karl Marx and Frederick Engels, "The Alliance of Socialist Democracy and the International Working Men's Association," in *Anarchism and Anarcho-Syndicalism*, ed. N. Y. Kolpinsky (Moscow: Progress Publishers, 1974), p. 121.

<sup>49</sup> Lynd and Grubacic, *Wobblies and Zapatistas: Conversations on Anarchism, Marxism and Radical History*, p. 15.

<sup>50</sup> Industrial Workers of the World, *The Founding Convention of the IWW: Proceedings [1905]* (New York: Merit Publishers, 1969), p. 6.

More recently, there has been discussion of what has been termed 'transnational labour citizenship.' This is a situation where legal immigration status is not tied to a particular employer, such as in the case of the 457 visa program, but to membership of an organisation of transnational workers. This organisation builds solidarity between migrant workers and domestic workers, reducing competition between the two groups and ensuring employers are unable to use it to reduce working conditions. Although much of the research into this concept has focused on Mexican workers in the United States,<sup>51</sup> and examples of its operation have only existed on a small scale, it does offer a structure that may remove the negative repercussions of the existence of an industrial reserve army and raises some interesting possible alterations to the 457 visa program. Nevertheless, it would require a fundamental change in the operation of the program. The role of employers in determining who is granted a visa would have to be removed and replaced by an organisation representing workers. Of course, this would require a significant change to the institutional framework not just of the 457 visa program but to many aspects of late capitalist society.

Interestingly, what is apparent from such solutions is that they rely on broadening people's view of solidarity, and in a sense engage with what many view as the globalisation project. It has previously been noted that although globalisation led to the formation of transnational corporations and the movement of capital and goods across national borders, the movement of people was severely restricted: an outcome described as the "liberal paradox."<sup>52</sup> What global working class solidarity or transnational labour citizenship represents is an attempt to form a cosmopolitan society, one in which the borders of nation-states do not signify the limits of a community.

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<sup>51</sup> Jennifer Gordon, "Transnational Labor Citizenship," *Southern California Law Review* 80, no. 3 (2007), pp. 503-587.

<sup>52</sup> Anne McNevin, "The Liberal Paradox and the Politics of Asylum in Australia," *Australian Journal of Political Science* 42, no. 4 (December 2007), pp. 611-630.

By doing so, we have returned to the issue of globalisation. As acknowledged in Chapter Five, globalisation is often intellectually associated with a move towards cosmopolitanism. Although the 457 visa program does not appear to have been significantly influenced by globalisation, the solution to the exploitation of workers that occurs through it is based on the very issues that globalists associate with the concept: transnationalism and cosmopolitanism. In a sense this represents one of the major strengths of globalisation as an ideological construct. If opponents of the visa scheme base their criticisms on the role of globalisation in facilitating the exploitation of workers, supporters of the program may point to their support for transnational labour citizenship and claim hypocrisy. Noting that it is capitalism that leads to this exploitation allows critics of the program to advocate for globalised worker solidarity, a form of globalisation from below.<sup>53</sup>

Transnational labour citizenship has the effect of lessening the importance of national borders. Again, this is often seen as a core element of globalisation, although it should be noted that this is usually in reference to the free movement of goods and corporations. Some liberal writers have criticised the apparent paradox that has afflicted many governments, noting that the free movement of people should be a core aim of the globalisation project.<sup>54</sup> Such calls engage with a much broader and long running debate over the costs and benefits of open borders.<sup>55</sup>

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<sup>53</sup> Richard Falk, "Resisting 'globalisation-from-above' through 'globalisation-from-below'," *New Political Economy* 2, no. 1 (1997), pp. 17-24; Christopher Chase-Dunn, "Globalization from Below: Toward a Collectively Rational and Democratic Global Commonwealth," *The Annals of the American Academy of Political and Social Science* 581 (2002), pp. 48-61; Jeremy Brecher, Tim Costello, and Brendan Smith, *Globalization from below: the power of solidarity* (Cambridge: South End Press, 2000); Arjun Appadurai, "Grassroots globalization and the research imagination," *Public Culture* 12, no. 1 (2000), pp. 1-20.

<sup>54</sup> See Philippe Legrain, *Immigrants: Your Country Needs Them* (London: Little, Brown, 2007); Piotr Zientara, "International Migration: A Case Against Building Ever-Higher Fences," *Economic Affairs* vol. 31, no. 1 (March 2011), 66-72.

<sup>55</sup> Teresa Hayter, *Open Borders: The Case Against Immigration Controls* (London and Ann Arbor: Pluto Press, 2004); Joseph H. Carens, "Aliens and Citizens: The Case for Open Borders," *Review of Politics* 49, no. 2 (1987), pp. 251-273; Kevin R. Johnson, "Open Borders?," *UCLA Law Review* 51, no. 1 (2003), pp. 193-266; Peter C. Meilaender, "Liberalism and Open

While the issue of open borders has been raised in the Australian context while discussing asylum seekers, there has been little debate about its relevance to 457 visa holders. This is characteristic of much of the public discourse about migration, rarely are the issues related to the 457 visa program

The question of how to combat the exploitation of 457 visa holders is one which will continue to be asked. Both major Australian political parties are strong supporters of the program. Since coming to power, the Labor Party has made adjustments to the program, but there is no indication that it believes the program is fundamentally flawed. It has commissioned a number of inquiries and released a number of discussion papers in the second half of 2010 that propose a 'simplification' of Australia's visa system. The Government claims that these reforms are "aimed at improving productivity and international competitiveness," and significantly, it is proposed that the 457 visa be maintained.<sup>56</sup>

As the party which introduced the program, the Liberal-National Coalition continues to be strong supporter. During the 2010 Federal Election, the issue of population growth was central. Through its *Population and Immigration Policy*,

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Borders: The Argument of Joseph Carens," *International Migration Review* 33, no. 4 (Winter 1999), pp. 1062-1081; Joseph H. Carens, "A Reply to Meilaender: Reconsidering Open Borders," *International Migration Review* 33, no. 4 (Winter 1999), pp. 1082-1097; Antonia Darder, "Radicalizing the Immigrant Debate in the United States: A Call for Open Borders and Global Human Rights," *New Political Science* 29, no. 3 (2007), pp. 369-384; Robert Sparrow, "Borders, States, Freedom and Justice," *Arena Magazine* 66 (2003), pp. 22-31; Angela Mitropoulos, "A Spectre is Haunting Left Nationalism: A Reply to Robert Sparrow," *Arena Magazine* 67 (2003), pp. 33-34; John P. Casey, "Open Borders: Absurd Chimera or Inevitable Future Policy?," *International Migration* 48, no. 5 (2010), pp. 14-62.

<sup>56</sup> Department of Immigration and Citizenship, "Simpler visas: Creating a simpler framework for temporary and permanent entry to Australia. Discussion Paper - June 2010," (June 2010) <<http://www.immi.gov.au/media/publications/pdf/simpler-visas.pdf>> accessed 7 February 2011, p. 5; Department of Immigration and Citizenship, "Simpler visas: Implementing a simpler framework for temporary residence work visas. Discussion Paper - December 2010," (December 2010) <<http://www.immi.gov.au/media/publications/pdf/temp-res-dereg.pdf>> accessed 7 February 2011, p. 4.



the Coalition committed itself to reducing Australia's population growth to its long-term historical average of 1.4 per cent. This meant that net migration had to fall to no more than 170,000 per year, compared to almost 300,000 in 2008-09.<sup>57</sup> However, in a demonstration of its support of the program, 457 visas were quarantined from this reduction. Further, in contrast to its rhetoric about reducing migration, the Coalition stated their intention to liberalise the 457 visa scheme, which would presumably lead to an increase in the number of visas being granted.<sup>58</sup>

Bipartisan support for the 457 visa program can be seen by examining the Government and Coalition's response to the floods in Queensland in January 2011. Having caused significant damage to Queensland's infrastructure, the Government announced that it would fast-track processing of 457 visa applications, committing to processing each one within five days.<sup>59</sup> Although the Coalition opposed some elements of the Government's response to the floods, it was supportive of this commitment, arguing that 457 visas should always be processed this quickly.<sup>60</sup>

While supporting the continued operation, or even expansion, of the 457 visa program, both major parties have continued to link its existence with

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<sup>57</sup> Liberal Party of Australia, "The Coalition's Policy for Population and Immigration," (2010) <<http://www.liberal.org.au/~media/Files/Policies%20and%20Media/National%20Security/0725x30LPAPopulationandImmigrationPolicy.ashx>> accessed 17 September 2010, p. 2. It should be noted that questions were raised of the significance of this commitment, considering the projection that net migration was expected to fall to 175,000 persons in 2010/11 and 145,000 in 2011/12. See Jason Anderson, "Slower population growth to ease upward pressure on interest rates," *BIS Shrapnel* (17 May 2010) <[http://www.bis.com.au/verve/\\_resources/Rel\\_PopulationGrowth\\_FINAL\\_file.pdf](http://www.bis.com.au/verve/_resources/Rel_PopulationGrowth_FINAL_file.pdf)> accessed 7 February 2011.

<sup>58</sup> Liberal Party of Australia, "The Coalition's Policy for Population and Immigration," p. 9.

<sup>59</sup> Department of Immigration and Citizenship, "Helping Deliver Skills for Flood Reconstruction," (2011) <<http://www.immi.gov.au/skilled/flood-reconstruction.htm>> accessed 7 February 2011.

<sup>60</sup> Scott Morrison, "Skilled visa fast track should be business as usual, says Coalition," *Liberal Party of Australia* (28 January 2011) <<http://www.liberal.org.au/Latest-News/2011/01/28/Skilled-visa-fast-track.aspx>> accessed 7 February 2011.

globalisation.<sup>61</sup> Academics also continue to make this link, with conference papers investigating the operation of the 457 visa program often invoking globalisation as an explanation.<sup>62</sup> As this thesis has shown there is little evidence to support this assumption and research based on it may disregard important insights into the program's operation that can be gained from an investigation such as that presented here.

The rhetoric surrounding the 457 visa program shows how globalisation can be used to justify policies that deliver additional power to businesses and the Government. The increasing exploitation of the working class can partly be explained by the growing number of potential workers that businesses now have access to, but the solution to this is not to withdraw to a more

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<sup>61</sup> Chris Evans, "Access with integrity - 457 visa reforms," *Minister for Immigration and Citizenship* (14 September 2009) <<http://www.minister.immi.gov.au/media/speeches/2009/ce090914.htm>> accessed 10 February 2010; Gary Gray, "Address to the Committee for Economic Development of Australia about the Federal Government's plan for meeting the growing demand for skilled labour," *Minister for Immigration and Citizenship* (27 June 2008) <<http://www.minister.immi.gov.au/media/speeches/2008/ce080627.htm>> accessed 7 February 2011; Chris Evans, "The role of immigration and migration through to 2050," *Minister for Immigration and Citizenship* (28 June 2010) <<http://www.minister.immi.gov.au/media/speeches/2010/ce100431.htm>> accessed 8 February 2011; Sharman Stone, "457 visa changes a half measure - failing to address real skills issues," *Liberal Party of Australia* (2 April 2009) <<http://www.liberal.org.au/Latest-News/2009/04/02/457-visa-changes-a-half-measure-failing-to-address-real-skills-issues.aspx>> accessed 8 February 2011.

<sup>62</sup> For example, see the summary of the Catalyst forum on temporary migration, Catalyst, "Temporary Migration: Economic Opportunity for Whom? Some issues from the Catalyst forum on 6th May 2008," (2008) <<http://www.catalyst.org.au/catalyst/images/pdf/catalystmigrationforumsummarypaper.pdf>> accessed 7 February 2011. Significantly, one conference had a session entitled "Progressing a Research Agenda for Temporary Migrant Work and Social Justice," in which a number of scholars raised issues that they believed should be investigated in future research into temporary labour migration. However, rather than calling for research into whether the 457 visa program, or temporary labour migration more generally, is a response to globalisation, this was accepted and not questioned. See Santina Bertone, "Notes for Presentation to University of Melbourne Seminar on Temporary Migrant Workers," presented at the *Temporary Migrant Work and Social Justice Workshop* (Melbourne Law School: 2010) <<http://www.socialjustice.unimelb.edu.au/Research/TMW/Bertone.pdf>> accessed 8 February 2011, p. 1; Michael McGann, "Temporary Migrant Worker Schemes: Issues of Sovereignty," presented at the *Temporary Migrant Work and Social Justice Workshop* (Melbourne Law School: 2010) <<http://www.socialjustice.unimelb.edu.au/Research/TMW/McGann.pdf>> accessed 8 February 2011, p. 4.

nationalistic outlook. Although Rosenberg is correct to point out the flaws in Globalisation Theory, particularly that by itself it says nothing about how society operates, a cosmopolitan view of the world provides significant benefits. Strategies that encourage global solidarity are one method by which the working class can oppose the exploitation it suffers. Supporters of the 457 visa program may have cited globalisation as a rationale for its introduction, but opponents should consider globalised resistance based on the insights that an anti-capitalist analysis of the program delivers.

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